

GATT Conference to Liberalize Trade May Have Helped Launch a Trade War

By Axel Krause
International Herald Tribune
GENEVA — A five-day trade conference that ended here Monday only failed to dent growing worldwide protectionism, but it may also have set the stage for a trade war between the European Community and the United States over agriculture.

"If the Americans start hitting us by dumping dairy products and the like, the community may hit back," a key member of the British delegation to the conference commented. "Unfortunately, the Europeans on both sides of the Atlantic will wind up paying the bill," he added.

The British official, echoing the views of other EC nations, was responding to threats against export subsidies of the community's Common Agricultural Policy made recently by U.S. officials, con-

gressmen and senators during the conference, which was sponsored by the General Agreement on Tariffs and Trade agency. The participants included trade officials from about 100 industrialized and developing countries.

In Washington shortly after the conference ended, Agriculture Secretary John R. Block reiterated earlier threats that the United States would retaliate through such measures as dumping \$3 billion worth of surplus U.S. dairy products on the world market if European nations did not cut subsidies for farm exports.

"We are not going to sit back and see things go on their merry way," he said. He added that he was "deeply disappointed" in the outcome of the meeting.

The U.S. threats in Geneva and the manner in which they were conducted — a senior French

negotiator termed the American approach "sneaky" — greatly strained the overall atmosphere of the conference. Participants emphasized that the purpose of the conference was to attempt to solve a wide range of trade liberalization issues affecting both agriculture and industry worldwide.

The Reagan administration not only wanted the EC to begin moving on reducing farm subsidies, but it also sought agreement to move on a range of trade liberalization measures, including the extension of GATT rules to new areas, such as services, high technology and international investments. The only agreement that emerged in those sectors was to conduct a study on services, which includes the banking, insurance and construction industries.

European trade officials and diplomats also suggested that the

emerging clash over agriculture may have dealt a blow to whatever good will the Reagan administration had recently gained in Europe. EC partners were relieved earlier this month by the U.S. decision to lift controversial sanctions against EC firms using American technology to help build the Soviet natural-gas pipeline. The earlier agreement to settle the bitter dispute with the Common Market over steel exports to the United States also eased trans-Atlantic tensions.

But European trade officials suggested that the threats in Geneva had the unexpected result of uniting Europe — including Britain, which has never hidden its opposition to key elements in the EC's agricultural policy.

"We had to line up with the Common Market on this one, since

the Americans were really going after something fundamental in our EC alliance," the British official said. "The effort was counterproductive. But in fairness, it was not all Bill Brock's fault."

Indeed, on Sunday evening, just hours before the final agreement was reached in Geneva, U.S. Secretary of State George P. Shultz instructed Evan G. Galbraith, the U.S. ambassador to France, to express Washington's "concern" to the Elysée Palace over the French position being expressed by Mr. Jobert.

Aided by his two deputies, David R. Macdonald and Michael B. Smith, Mr. Brock directed what also was regarded as a highly efficient organization — a complete set of U.S. delegates in the conference center and a "control cen-

ter" in suites on the 14th floor of a nearby hotel.

"For pure style, it reminded me of a political convention back home," said a U.S. spokesman covering the conference.

European and U.S. sources said Mr. Brock had been under considerable pressure from other members of the delegation. Several influential congressmen and senators participated in strategy sessions. Senator Jesse Helms of North Carolina, chairman of the Senate Agriculture Committee, and Senator Mack Mattingly of Georgia also threatened the Europeans over the farm subsidies in news conferences with other visiting representatives and senators.

"Both Helms and Mattingly were part of the farm lobby working within the U.S. delegation all the time — emphasizing the hard line," one senator's aide said. Sen-

ator Robert J. Dole of Kansas and Senator John C. Danforth of Missouri were more reserved in expressing their objections to EC subsidies, he said.

But the overall result, observers said, was to weaken the U.S. effort.

"Those U.S. senators and congressmen may have added to the gaiety of the scene, but their attacks on the Common Market's agricultural policy were counterproductive around here," a senior Canadian official said.

Although they rarely met during the conference, Mr. Brock's most formidable opponent was Michel Jobert, France's foreign trade minister.

In his opening statement to the conference, Mr. Jobert described the goals urged by Mr. Brock as being "as unrealistic as they are impracticable." He was widely

credited with having successfully pushed the countering hard line within the EC to resist the U.S. proposals.

"We realize that France was not alone in this and the Europeans in the end were united," a senior U.S. official said. "But Monsieur Jobert was undoubtedly the toughest and the most difficult."

Indeed, on Sunday evening, just hours before the final agreement was reached in Geneva, U.S. Secretary of State George P. Shultz instructed Evan G. Galbraith, the U.S. ambassador to France, to express Washington's "concern" to the Elysée Palace over the French position being expressed by Mr. Jobert.

"We thought it was important to make some compromise, if possible," a U.S. diplomatic official said Tuesday, "but it apparently did not have any effect."

NATO Affirms Plan For New Missiles In Western Europe

Compiled by Our Staff From Dispatches
BRUSSELS — The Western alliance reaffirmed Tuesday its plans to deploy new nuclear missiles in Europe, but it made a strong plea to the Soviet Union to offer new disarmament proposals.

Defense ministers from 14 North Atlantic Treaty Organization countries issued a declaration pledging to begin deploying 572 Pershing-2 and cruise missiles by the end of 1983 "in the absence of a concrete arms control agreement."

Caspar W. Weinberger, the U.S. defense secretary, accused the Soviet regime of continuing a policy of "bullying" Western Europe into dropping the missile deployment plan.

Responding to a commentary Monday by the Soviet news agency Novosti that expressed fears the missiles would increase the possibility of accidental nuclear war, Mr. Weinberger declared:

"I don't know whether it's a change in policy. The way it appears to me is more of the intimidation, more of the bullying of the European communities in the past few months. Their principal aim has been for many years to destroy NATO. And their secondary aim recently has been to make sure that the Pershing-2, which they genuinely fear, and the ground-launched cruise missiles are not deployed."

The defense ministers also condemned a threat by the Soviet Union to place its missiles on hair-trigger alert to counter the deployment of the alliance's missiles.

John Nott, the British defense minister, called the Soviet threat "utterly unscrupulous nonsense."

Defense Minister Manfred Wörner of West Germany said the reaffirmation, made at a meeting of NATO's Nuclear Planning Group, was supported unanimously.

The Soviet Union is particularly concerned by the Pershing-2, which would be able to reach targets in the Soviet Union from



Prime Minister Margaret Thatcher waved Tuesday as she left No. 10 Downing Street. She was not hurt by the incendiary device mailed to her office, but the person who opened it was burned.

Letter Bombs Fail to Injure Thatcher, Opposition Chiefs

By Peter Osnos
Washington Post Service
LONDON — An incendiary device sent in a package to Prime Minister Margaret Thatcher's office at No. 10 Downing St. burst into flames Tuesday as it was being examined, slightly injuring the security official who was handling it.

The police later disclosed that similar devices were sent Tuesday to three opposition party leaders in Parliament and to a government minister but were intercepted as the mail was being sorted.

Notes signed by a previously unknown group calling itself the Animal Rights Militia were found on the packages. The Irish National Liberation Army, a guerrilla group in Northern Ireland, also took responsibility for sending the bomb to Mrs. Thatcher.

In Belfast, two incendiary bombs were discovered and a dozen hoax calls were reported, all thought to be connected to the first appearance by James Prior, secretary of state for Northern Ireland, before the new Ulster constitutional assembly.

In this speech, Mr. Prior presided over the government's determination to combat terrorism. He said that hundreds of policemen would be added to the local force.

The police say they believe that the Downing Street incident was probably not related to the Northern Ireland violence. The use of letter bombs has become standard among Britain's terrorist organizations.

Last week, Industry Secretary Patrick Jenkin received a bomb from a group called the Scottish National Liberation Army, which later claimed to have sent a number of other devices to prominent politicians and public figures. None seems to have done any harm.

At No. 10 Downing St. the lightweight, eight-by-four-inch package (20 by nine centimeters) was delivered in the midday mail and tagged as suspicious by messengers.

Peter Taylor, the long-time manager of the prime minister's office, was inspecting the package when it ignited and burned him slightly, the police said. He was treated at a hospital and released after two hours. The substance was apparently designed to burn rather than explode.

Mrs. Thatcher was in another part of the building and was unaware of the danger. Officials said there was no chance of her opening the package herself.

Mrs. Thatcher later appeared at the House of Commons and deplored the violence, warning other members of Parliament to be on the lookout. Security on incoming mail was tightened in government offices.

Michael Foot, leader of the Labour Party; David Steel, the Liberal Party leader; Roy Jenkins, head of the Social Democratic Party; and Timothy Raison, the minister responsible for animal legislation, were the others targeted unsuccessfully Tuesday for letter bombs al-

legedly sent by militant supporters of animal rights.

Britain's many traditional animal rights groups issued statements Tuesday night deploring the use of firebombs. The British Union for the Abolition of Vivisection said the group would condone civil disobedience to protect the rights of animals, "but we are against damage to life because we respect all life, animal and human."

■ **Bigger Effort Against IRA**

Britain stepped up its war on the outcast Irish Republican Army on Tuesday, but the IRA vowed to fight until "every vestige of British rule is removed" from Northern Ireland, United Press International reported from Belfast.

Mr. Prior, in an address to Northern Ireland's consultative assembly, was expected to announce the recruitment of about 500 additional full-time officers for the Royal Ulster Constabulary and the expenditure of another £14 million (\$22.4 million) on security.

Protestant Unionists, who dominated the assembly, demanded increased security measures after the current wave of sectarian killings, but minority Catholics denounced them.

"The Irish Republican Army promises that the war for national liberation will continue until every vestige of British rule is removed from Ireland," the IRA said in a statement from Dublin. "There can be no British solution to the demand for peace with justice, to the demand for freedom."

González, Moderate and Cautious, Outlines His Programs for Spain

By James M. Markham
New York Times Service
MADRID — In stern and somber tones, Felipe González said Tuesday that his newly formed Socialist cabinet would pursue economic austerity at home and in foreign policy review its military ties to the United States and the North Atlantic Treaty Organization.

In an address to the Cortes, or parliament, Mr. González, 40, who led his party to an overwhelming victory in the elections in October, outlined a domestic and foreign posture as moderate and cautious as the men he has picked to serve in the first Socialist government since the Spanish Civil War.

A parliamentary vote making Mr. González democratic Spain's third prime minister was expected Wednesday or Thursday.

In conscious contrast to the jubilation that followed the Socialist sweep on Oct. 28, Mr. González promised a sober economic program that he acknowledged could have been adopted by the center-right governments that have led the country for the past 30 years.

Although standing by an electoral pledge to create 800,000 new jobs during the next four years, he called for greater domestic saving, promised to encourage private investment and eschewed nationalizations or major state intervention in the economy.

"The people have voted for change, and it is our duty to fulfill it," said Mr. González, who looked haggard and did not smile as he spoke. "The singularity of the program does not lie so much in the details as in the manner of executing the programs."

Aside from a broad commitment to modernizing and streamlining the administration, the boldest specific reforms he sketched were a

new university law, which might offend the Catholic Church, and another bill banning high state officials from holding more than one government post.

Mr. González's cautious approach is dictated by an extremely difficult economic situation, including an unemployment rate of 16 percent. There is distrust of the Socialists among some powerful Spanish businessmen and by the conservative military establishment.

Tuesday afternoon's session in the Cortes was colored by memories of the unsuccessful push that interrupted the investiture of Prime Minister Leopoldo Calvo Sotelo on Feb. 23 last year as a band of rebel Civil Guards seized parliament.

Mr. González expressed "confidence and solidarity with the armed forces" and dismissed as a "minority" those who had plotted against the 1978 constitution.

But he stressed, "We will not permit any action outside the constitution, and those who think they can violate it will find a rigorous response on our part. The 28th of October was the most important defeat for those who want to supplant by force the citizens' will."

The Socialist leader offered only the bare bones of a foreign policy. He said that it would not be "presumptuous" for Spain to expect to enter the European Community within the next four years, extending somewhat a demand by a key deputy, Alfonso Guerra, who has said that Spain should withdraw its application if it is not admitted by 1985.

Mr. González insisted that while Spain was a member of "the Western world," his government would "examine with all attention" its bilateral military treaty with the United States and "restudy with

the necessary rigor" its six-month-old membership in NATO.

He reiterated Spain's longstanding claim to the British colony of Gibraltar, but he hinted that his government wanted to open the land frontier that has been shut since 1969.

The Socialist leader's language on NATO appeared to confirm a statement by Fernando Morán, the next foreign minister, that the new government would "freeze" Spain's integration into the alliance's military structure. But, according to Socialist sources, the government will not pull out of NATO.

Mr. Moran, 56, once director for Africa and the Middle East in the Foreign Ministry, also stated that "adjustments" were needed in the treaty that permits the U.S. Navy and Air Force to use bases here.

In selecting members for his cabinet, Mr. González picked a team of young economists and technocrats considerably more moderate than the sometimes radical base of his party.

The new economics minister will be Miguel Boyer, 43, a representative of the party's social democratic wing who has considerable experience in Spanish industry. The Defense Ministry will be led by Narcís Serra, the mayor of Barcelona. The Interior Ministry will be run by José Barrioñeco, who was in charge of the Madrid police force.

Mr. González insisted that Mr. Guerra, the party's uncontested No. 2, join the government as deputy prime minister. Mr. Guerra was said to be concerned that as deputy prime minister his authority and prestige would be eroded during what promised to be difficult months ahead.

China 5-Year Plan Sets Cautious Growth Goals

By Christopher S. Wren
New York Times Service
BEIJING — China unveiled an overdue five-year plan Tuesday that sets cautious goals for economic growth while allocating substantial investment funds for chronic problem areas like energy and transportation.

In a report to the National People's Congress, China's nominal parliament, Prime Minister Zhao Ziyang said that the sixth five-year plan, which covers 1981 through 1985, would boost the gross value of industrial and agricultural output to 871 billion yuan (\$435.5 billion) by 1985, an increase of just 21.7 percent over output in 1980.

Mr. Zhao called the modest annual growth target of 4 percent safe and appropriate, allowing room for overfulfillment. He disclosed that total output in industry and agriculture grew by 4.5 percent in 1981 and would reach 5.7 percent this year. He urged China to strive to achieve a 5-percent annual growth.

The five-year plan is being presented to the National People's Congress two years late because a

retrenchment of the economy in 1979 caused the original plan to be scrapped as overly ambitious. It was subsequently held up by disagreements over the priorities and allocations among the economic planners.

Mr. Zhao told delegates on Tuesday, as he had last year, that the policy of economic readjustment, resuscitating an ailing economy by concentrating on the current five-year plan. The prime minister warned that the task of industrial readjustment remained arduous and complicated.

In his speech, excerpts of which were circulated by the New China News Agency, Mr. Zhao conceded that the targets of the plan were lower than those of the previous 28 years, but he said that they were anchored in better economic performance.

Last September, the Communist Party chief, Hu Yaobang, called for China to quadruple the output of its farms and factories by the end of the century. Chinese economists have admitted that this would require an average growth rate exceeding 7 percent annually.

Mr. Zhao's strategy, as he outlined it to the National People's Congress a year ago, is to consolidate the economy through the mid-1980s before accelerating growth. He promised that the growth rate in subsequent years would be still higher, thus ushering in a period of vigorous economic development in China.

The prime minister reported that the current plan allocated 230 billion yuan for capital construction, which is about the same as in the previous plan.

Another 130 billion yuan has been set aside to update existing enterprises. Mr. Zhao identified energy and transportation as priority investment targets.

This means that the energy sector will get 54 billion yuan over five years, mostly for inland oil exploration, hydroelectric projects and coal mining. Transport and communications will get 28.8 billion yuan, mainly to develop railroads, harbors and river navigation.

The prime minister also said that China would expand its foreign trade to achieve a turnover of 85.5 billion yuan by 1985, which is 51.8 percent more than in 1980.



Zhao Ziyang

INSIDE



ITALIAN CRISIS — Amintore Fanfani leaving the Quirinale Palace in Rome on Tuesday after a meeting with President Sandro Pertini. Mr. Fanfani said he was ready to form a government, but difficulties were reported. Page 2.

- Lech Walesa, long a symbol of hope for millions of Poles, now poses a more confused symbolism. Page 2.
- President Ronald Reagan will not try to accelerate the third stage of his across-the-board tax cut. Page 3.
- Spurred by strength in the oil stocks, prices on the New York Stock Exchange soared, with the Dow Jones industrial average gaining more than 36 points. Page 9.
- As President Reagan prepared to leave for a five-day tour of Central and South America, the Nicaraguan government expressed fears that Mr. Reagan's visit could prove unhelpful. Page 5.

Pakistan Rejects F-16s Without Advanced Gear

By Bernard Gwertzman
New York Times Service
WASHINGTON — Defense Department officials say that Pakistan has refused to accept delivery of six F-16 jet fighter-bombers from the United States because they lack the most advanced U.S. electronic warfare system.

But late Monday, an official said that on the basis of talks conducted by U.S. Embassy diplomats in Islamabad with Pakistani Air Force officials, the dispute was on its way to being settled.

"I am 90 percent confident we'll have this resolved," he said.

He added, however, that there would still be a delay in the delivery of the six planes, which originally were to have been sent to Pakistan this week. Pakistan has ordered 40 of the planes, and the six were the first to be offered for delivery.

The dispute over the F-16s came

to light only a week before President Mohammed Zia ul-Haq is to visit Washington for his first meeting with President Ronald Reagan.

It was an embarrassment to both sides, the official said, because the sale of the F-16s had become a symbol of an improved relationship between General Zia's government and the Reagan administration.

The last thing we wanted was for it to become an issue between the two presidents," the official said, explaining that a major effort was being made in Pakistan to reach a compromise.

When asked about a report that the planes had been held up, a State Department spokesman said that the United States and Pakistan are discussing the avionics configuration of the F-16s Pakistan has purchased.

"By mutual agreement, delivery of the first six aircraft has been

postponed until this question is resolved," the spokesman said.

Pentagon officials said the Pakistanis apparently believed they were purchasing the standard U.S. Air Force F-16 but had balked when they found out that the craft they were to receive would not have what officials called "state of the art" electronic equipment for detecting an enemy's ground and airborne radar.

This equipment is regarded as vital to permit pilots to take evasive tactics and avoid being shot down by enemy anti-aircraft missiles or by hostile aircraft, a Pentagon official said.

An official said that the U.S. Air Force did not want to provide the advanced equipment because of a need to protect its security. The Pakistanis were being offered a less advanced system, he said.

There was no immediate explanation of whether the Pakistanis

had discovered the problem only in recent days or whether this had been a long-standing dispute.

A Pentagon official said he understood that Israel, which also has the F-16, had been provided with the most up-to-date electronic equipment. The equipment was reportedly used effectively against Syrian anti-aircraft sites in Lebanon and against Soviet-made fighter planes piloted by Syrians.

The F-16s are manufactured by the General Dynamics Corp. and by a European consortium. The first six planes of a 40-plane order worth \$1.1 billion were to have been delivered by the U.S. Air Force to Pakistan by the end of the week, a few days before General Zia's arrival in Washington.

Pakistan has an obsolete air force and has been trying for years to persuade the United States to provide it with an advanced fighter.

Pakistan has an obsolete air force and has been trying for years to persuade the United States to provide it with an advanced fighter.

Mr. Zhao predicted that imports would increase slightly over exports as China raised the volume of technology and major equipment ordered from the West. He called for a continuing effort to seek foreign loans and investment, including joint ventures, that would deliver more hard currency for China's modernization drive.

All this is intended to increase China's ability to be self-reliant, Mr. Zhao said. It must not weaken or hamper the development of China's national economy.

Among other targets, Mr. Zhao said that China's grain output would rise to 360 million tons by 1985 from 320 million tons in 1980. Cotton, which has just produced another record crop, would reach 3.6 million tons by 1985. Coal production would rise to 700 million tons, from 620 million in 1980.

Mr. Zhao also called for China's oil production, which has stagnated at a little over 100 million tons, to expand its capacity by 35 million tons, though he did not say how this would be done. Western firms have started drilling for offshore oil along China's untapped continental shelf.

The prime minister also confirmed that China would continue to run a deficit budget during the plan, a consequence in part of heavy consumer subsidies. But he said that an effort would be made to hold the government deficit below 3 billion yuan a year through 1985.

Hope Survives Confusion as Poles Await Move by Walesa

By Dan Fisher
Los Angeles Times Service

WARSAW — More than two weeks after his release from internment, Lech Walesa remains a symbol of hope for millions in Poland. But as the days go by, that sense of hope becomes more and more confused.

The Roman Catholic Church appears to be keeping a discreet distance from the man who once led 10 million workers in the first independent trade union movement in a Soviet bloc country. The authorities treat him as an official nonperson: "The former head of the former Solidarity."

And Mr. Walesa, garrulous before his internment, has said little since his release Nov. 14. He has described himself as "a man on a greasy tightrope with a prison yard underneath."

In his silence, however, he faces losing credibility with the millions of Poles to whom he is still, as a former Solidarity activist put it, "a symbol of what might have been, of what might still be."

While fugitive Solidarity leaders announced last weekend that they would defer to Mr. Walesa on strategy, even they were not without reservation.

They pledged to cease their protests and other anti-government activities on Mr. Walesa's orders. But they recommended that such a step be put off until the release of all remaining political prisoners.

believed to number about 700 after an announcement Monday that 327 more would be freed.

According to sources close to the church hierarchy, the martial law government is trying to isolate Mr. Walesa politically by poisoning his relations with the church and intimidating his advisers.

The government campaign was said to include an unsuccessful attempt to pass potentially embarrassing material to Pope John Paul II. The material, which was said to involve tape recordings containing what was alleged to be Mr. Walesa's voice making disparaging remarks about the church, was rejected by Archbishop Luigi Poggi, the Vatican's principal emissary on Polish affairs, according to church sources.

The Polish secret police detained some of Mr. Walesa's advisers several days ago and warned them about their relationship with the union leader. Among those briefly detained was Andrzej Wielowieyski, a prominent Catholic lawyer and journalist who has been acting as a primary liaison between Mr. Walesa and the church authorities.

Mr. Wielowieyski confirmed the detention but refused to disclose details. He called it "a matter of very little importance."

Mystery surrounds Mr. Walesa's intentions and the circumstances of his release, and it appears that his options are limited. The odds against him soon resuming a major role in the Polish political scene are considered long and lengthening.

"The immediate reaction when we heard Walesa was released was joy, a spark of hope," a Warsaw factory worker said. "But later opinions were mixed. After emotions cooled down, people began to get suspicious that maybe the church and the government made a deal and that Walesa would be used as a tool to calm the situation."

Both the church and the regime deny any deal, and Mr. Walesa stressed on his release: "I have signed nothing. I have not resigned from anything. I have not declared anything and I have not compelled myself to anything. I was released, to my surprise, without obligations, as a really completely free man."

Nor has the 39-year-old unionist done anything to suggest he was compromised. Nonetheless, Mr. Walesa's continued silence has led to rumors and speculation.

Describing him as "someone on whose shoulders Poland has laid its fate," an underground bulletin circulating in Warsaw factories added: "That is why no one among us can remain oblivious to what Walesa will do."

The statement by the so-called provisional coordinating committee of Solidarity, circulated last weekend, put more pressure on him. "We are ready to submit ourselves to Walesa's decisions," the fugitive leaders said.

Sources close to the underground said that one reason the fugitive unionists took their stand was to head off any "separate peace" between Mr. Walesa and the regime, one that could make the underground a scapegoat. The statement serves to link Mr. Walesa with the underground for the future, even though he has carefully avoided public comment on opposition activities.

Some Polish and Western observers say they believe that the government well understood the pressures under which Mr. Walesa would fall upon his release and that they hoped the pressures would be great enough to destroy him as a unifying symbol of opposition.

Others argue that the Polish leaders believe that they may still need Mr. Walesa if they are to win enough cooperation from a sullen work force to pull Poland out of its economic morass.

Either way, there is little doubt that for the time being the authorities are going to great lengths to isolate him politically, especially from the church, which could be a potential ally of the union leader.

The tape recordings of his purported criticisms of the church is a case in point. The tapes are said to contain a conversation between Mr. Walesa and his brother, Stanislaw, during a visit to Arlamow, the government hunting lodge where the union leader was interned.

A well-connected Polish source said that on the tape Mr. Walesa appeared to be "stupid, vulgar, cynical" in making remarks critical of the church and the pope. The government turned over the tapes or portions of them, to the office of Archbishop Jozef Glemp, the primate of Poland, according to usually well-informed lay Catholic sources, and also to Archbishop Poggi in Rome.

The tapes and the warnings issued to several of Mr. Walesa's advisers suggest that the regime is more concerned about Mr. Walesa than it acknowledges publicly.

According to a party source who overheard him, Deputy Premier Mieczyslaw F. Rakowski recently said privately that the biggest danger for the regime would be for Mr. Walesa to choose "the path of martyrdom," thus becoming an even more powerful symbol of resistance.

By contrast, Mr. Rakowski reportedly said that Mr. Walesa's potential as an ally was limited, reasoning that Poles were so skeptical of the regime that even Mr. Walesa's endorsement would win over only a limited number.

If Mr. Walesa knows what he intends to do, he seems to be keeping it to himself and his closest advisers.

A close friend said Mr. Walesa had been staying mostly around home, playing with his seven children and seeing a select group of

visitors. He refuses to speak on the telephone.

The one time each day when he insists on being left alone, the friend said, is during the main evening television news program, which he watches "religiously and without visible emotion."

Mr. Walesa frequently tells those around him that "everything will turn out all right," and "I have a concept," the friend said.

What that concept is, no one seems to know.

■ 4 Ex-Leaders Freed

The official Polish press agency PAP reported that the Polish authorities announced Tuesday that four former members of the national leadership who served under Edward Giersek had been temporarily released from internment.

A report by Reuters from Warsaw said the Polish press agency had reported that Piotr Jaroszewicz, a former prime minister, and Tadeusz Pyka, Tadeusz Wrzesniewski and Jan Szydiak, all former deputy prime ministers, were released when martial law was declared.

PAP said the Interior Ministry ordered that they be granted leave from internment so that they could testify in an investigation into their activities. The four, along with several other members of the Giersek administration, have been accused of corruption and abuse of power.

WORLD BRIEFS

Charges in British Spy Trial Outlined

LONDON (Reuters) — A British professor charged with spying for the Soviet Union supplied NATO documents of the highest secrecy to the Kremlin, the prosecution said Tuesday. The trial then went into closed session so the prosecution could outline the extent of the damage allegedly done.

Britain's attorney general, Sir Michael Havers, charged in the second day of trial that Hugh Hambleton, 60, photographed more than 80 top-secret documents for the Soviet Union while working for the North Atlantic Treaty Organization in Paris from 1956 to 1961. He said Mr. Hambleton had admitted receiving \$6,000 from Moscow.

Mr. Havers said the documents were classified "cosmic," the highest grade of secrecy, applied to information "so important that its disclosure would result in exceptionally grave damage." Mr. Hambleton has pleaded innocent.

Children Visit Moscow Pentecostals

MOSCOW (AP) — Piotr and Augustina Vashchenko, the Pentecostals who have found refuge in the U.S. Embassy since 1978, saw some of their children for the first time in nearly four and a half years Tuesday. But their reunion occurred through the steel grate covering the basement window of the embassy because of a disagreement over the visit.

Avram, 8, Sara, 12, and Lydia, 31, were three of 11 Vashchenko children who arrived in Moscow on Tuesday from their Siberian hometown, Chernogorsk. The other eight children remained five miles (eight kilometers) away in the Yaroslavl train station in northeast Moscow.

The 11 children and the wife of one of them had traveled four days by train for the reunion. U.S. Embassy officials had refused them permission to visit all at once, insisting that the visiting children be escorted into the embassy in pairs. The whole family has refused that condition, saying that none of the children would enter the embassy unless they all could go together. Therefore, the Vashchenkos spoke with their children through the metal screen.

Italian Bishops Question Cruise Siting

ROME (Reuters) — Roman Catholic bishops stepped into a dispute Tuesday over the planned stationing of nuclear missiles in Sicily by expressing solidarity with U.S. prelates who have questioned the morality of the policy of nuclear deterrence.

Two senior churchmen said in a statement that they feared the proposed siting of 112 U.S. cruise missiles at Comiso on the south coast of Sicily would be only the first step in the "atomic rearmament of Europe."

The statement was signed by Bishop Dante Bernini, president of the Justice and Peace Commission of the Italian Bishops' Conference, and represented the views of the Italian prelates, church sources said.

The statement was also signed by Bishop Luigi Bettazzi, president of the International Catholic Movement for Peace, Pax Christi, which groups 60 bishops and hundreds of lay members worldwide.

Mubarak Begins Visit to New Delhi

NEW DELHI (AP) — President Hosni Mubarak of Egypt arrived here Tuesday for talks with Indian leaders on the Middle East and the future of the nonaligned movement.

President Sati Singh and Prime Minister Indira Gandhi greeted Mr. Mubarak at Delhi's military airport and later were his hosts at a banquet in Rashtrapati Bhavan, the Indian presidential palace.

India has shown interest in the Egyptian-French plan for a solution to the Palestinian problem based on recognition of Israel by Arab countries and recognition of a Palestinian state by Israel. President François Mitterrand of France, who is completing a visit to India, said Monday, however, that there was no plan to make the proposal a tripartite one by including India as sponsor.

West Bank Teachers Split on Pledge

JERUSALEM (WP) — Foreign teachers at the Arab universities in the occupied West Bank appeared divided Tuesday over whether to accept a revised work permit application form that includes a pledge that they will not assist the Palestine Liberation Organization.

Albert Aghazarian, the spokesman for Bir Zeit University, said the teachers had voted to reject the new form on the grounds that it is no different from an earlier anti-PLO pledge required to obtain work permits for the current academic year.

The Israeli civil administration imposed the new regulation in September, requiring the foreign nationals to sign an explicit anti-PLO pledge before they received new work permits. Virtually all the teachers refused, contending the pledge infringed on academic freedom, and they were supported in their stand earlier this month by U.S. Secretary of State George P. Shultz.

El Al Employees Clash With Police

TEL AVIV (UPI) — Hundreds of El Al workers clashed Tuesday with police after failing to win a court order to strip the Israeli government from liquidating the state-owned national airline. The Tel Aviv Labor Court declined to issue a permanent injunction against disbanding El Al, saying it had no jurisdiction in the case.

The workers employees blocked traffic by lying down in the street in front of the office of Nahman Perl, the El Al chairman. Ignoring an order to disperse, they hurled bottles and rocks, and shouted "Nazis" at the helmeted policemen. Seventeen protesters were arrested.

El Al announced last week it was going into voluntary liquidation after negotiations with its 5,000 workers on a drastic reorganization program failed. The company has lost more than \$250 million in the last four years and has been struck since September.



Israeli riot police removing a protesting El Al worker Tuesday.

For the Record

MOSCOW (AP) — Prime Minister Nikolai Tikhonov and Turkey's foreign minister, Turgut Ozal, reaffirmed Tuesday their commitment to improve bilateral relations. Tass reported.

NAIROBI (UPI) — Major Anthony Macharia, 35, a Kenyan Air Force intelligence officer, has been sentenced to one year in prison for failing to report plans for the Aug. 1 coup attempt, the Daily Nation newspaper said Tuesday.

Fanfani Ready to Form Coalition But Parties Quarrel Over Cabinet

ROME — Prime Minister-designate Amintore Fanfani said Tuesday he was ready to form Italy's 43rd postwar government, but he was immediately embroiled in party infighting over cabinet posts.

After two weeks of political crisis, the Senate leader told President Sandro Pertini he would head a coalition of his own Christian Democrats, the Socialists, the Social Democrats and the Liberals.

But political sources said bitter wrangling in the Christian Democratic and Socialist parties prevented him from naming his ministers.

His success in forming a four-party coalition after two weeks of delicate negotiations restores the prime minister's job to the Christian Democrats after a 16-month interval.

It eliminated the need for early elections to break a political stalemate that shattered the five-party coalition of the outgoing Republican prime minister, Giovanni Spadolini.

Mr. Spadolini, Italy's first non-Christian Democratic prime minister since the war, resigned Nov. 14 for the second time in three months. Feuding between Christian Democratic and Socialist ministers had paralyzed his government.

Mr. Spadolini's Republicans said Monday they would stay out of Mr. Fanfani's cabinet because they doubted its ability to solve Italy's economic problems, including a 17-percent rate of inflation and a projected 100-trillion-lire (\$70-billion) state borrowing requirement next year.

They said tough austerity plans that the Republicans insist are essential had been wined down to persuade the Socialists, who are supported by the trade unions, to join the government.

Anti-inflation proposals drawn up by Mr. Fanfani call for a two-year truce in wage disputes. But he dropped plans to reform Italy's costly wage indexation system and shelved a proposed ceiling on pensions next year.

Political sources said Mr. Fanfani might be able to sort out his cabinet difficulties by Wednesday, clearing the way for President Pertini to swear in the government.

But the basic difficulties of reconciling Socialist and center-right Christian Democratic policies are likely to plague Mr. Fanfani's administration, with early elections remaining a possibility, political sources said.



BELGIAN STRIKE — Demonstrators were out in force Tuesday in Brussels to support a government plan to cut working hours by 5 percent and wages by 3 percent in return for a 3-percent increase in the number of jobs. The 24-hour general strike affected approximately half the country. A second strike has been called for next Tuesday in the remaining areas.

Conciliation, Coercion and Money Mark Nigeria's 'Hardball' Politics

By Charles T. Powers
Los Angeles Times Service

LAGOS — Nigeria, the most populous country in black Africa, recently ended the first year of a political campaign that still has nine months to run.

"Politics is the only growth industry in Nigeria," said a Western diplomatic analyst who reads seven Nigerian newspapers a day to keep up with the electoral maneuvering. Nigerians, he said, "would rather talk politics than eat."

What it all boils down to, so far, is that President Shehu Shagari, elected in 1979 when the country's military leaders surrendered rule to a civilian government, looks like a sure bet to retain the presidency for another four-year term.

But politics here has never been simple. Nigeria's 80 million people, comprising roughly a quarter of the population of black Africa, are divided into three main ethnic and religious groups with a long history of difficult and sometimes bloody relations. Politics here has always been a delicate study in coercion, conciliation, head-banging and money.

"These people are not strangers to hardball politics," said an American resident of Lagos who watches it all with a combination of amazement and admiration. "They've been doing it for hundreds of years."

Nigeria has a U.S.-style constitution and a federal system. It has 19 states, and there is pressure to create more. Most of those in existence are in severe financial difficulty. But because the spoils are so great for political leaders, every party in the country agrees that more states are a fine idea. The only disagreement is over how many.

Mr. Shagari's biggest political challenge, which some discount as a serious obstacle, comes from two southern-based parties of the Ibo and Yoruba tribes.

The Ibo party, the Nigerian People's Party, is headed by Chief Nnamdi Azikiwe, 78. The Yoruba are led by the United Party of Nigeria, headed by Chief Obafemi Awolowo, 72.

Political enmity between the tribes goes back for generations, and the effort to bridge the gap of political suspicion with a new coalition, the Progressive People's Alliance, was considered a necessity if either party was to have a chance to win the presidency.

However, the question of which leader would be the coalition's candidate for president is still unresolved.

A wild card is the return from exile of former Lieutenant Colonel Odumegwu Ojukwu, who led the Ibo secessionists in the Nigerian Civil War of 1967 to 1970, sometimes called the Biafran war. Mr. Ojukwu has given hints of being ready to throw in his lot with President Shagari's National Party of Nigeria, but neither he nor the party has indicated how they are planning to maneuver.

Another implied, but serious, threat to the electoral process is the possibility of violence. Recent disturbances in the Moslem-dominated northern part of the country

have reawakened fears that the government may have to call out federal troops to police the elections.

The threat is taken seriously by many Nigerians, who do not want to see the army take control of the country. These people often express the fear that if political violence gets out of hand, forcing the mobilization of the army, it might implant the idea that the military might just as well be running the government again.

Much of Nigeria's progress in the last three years has been fueled by oil. With the oil glut, however, Nigeria's high-quality, low-sulfur crude is not in great demand, and production has fallen to about 1.4 million barrels a day, a drop of almost 30 percent from 1980.

During the oil boom, large-scale development plans assured high incomes from construction and allied industries and drew rural residents from the farms that once were able to feed the country. But in 1981 Nigeria imported \$544 million in food, mainly rice and wheat, from the United States.

Meanwhile, Nigeria's once-substantial foreign currency reserves have dropped from about \$10 billion at the end of 1981 to about \$1 billion now. Mr. Shagari has introduced new austerity measures, and the central bank has been ordered to restrict imports to \$1.3 billion a month. Mr. Shagari has said he wants to get the import bill down to \$990 million a month.

Under these pressures, economic activity in Nigeria has begun to decline, and the brakes have been put on major development projects. Next to the economies of many other African countries, Nigeria's still has something of a boom flavor. But the squeeze is on.

"Austerity has taught the people that they cannot simply push a button and get the country moving," said a banker in the northern commercial center of Kano.

And, if Mr. Shagari holds to his strategy, the banker said, "he will be able to loosen things up just enough to get more money flowing through the economy before the elections."

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Abduction in Netherlands

ROTTERDAM — Antonia van der Valk, the 51-year-old wife of a Dutch motel owner, has been kidnapped and held for a ransom of two million guilders (\$750,000), police said Tuesday.

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Widespread Decline in Minority Enrollment Reported by Colleges in the U.S.

By Edward B. Fiske
New York Times Service

NEW YORK — Many colleges and universities around the United States are reporting a substantial decrease in minority freshmen, especially blacks, among students who enrolled this fall.

Some educators attribute the drop to the recession and cuts in federal aid programs under the Reagan administration.

Others say it is a result of long-term problems: the growing cost of subsidizing needy students, recruiting difficulties and a less firm commitment to the affirmative action programs that, in the early 1970s, brought more minority students to the nation's campuses.

According to the Census Bureau, the proportion of nonwhite students in American colleges and universities increased substantially

from 1960 to 1977, from 6.4 percent to 13.8 percent of all students.

In the past five years, however, census figures and other statistics show that the trend has stabilized. From 1977-78 to 1981-82, the most recent figures available, overall minority enrollment has held steady at about 13 percent, and black enrollment at about 10 percent.

"Things moved incredibly fast over the last 15 years," said Elias Blake Jr., the president of Clark College in Atlanta, who is head of the National Advisory Committee on Black Higher Education and Black Colleges. "There were tremendous gains in a short period of time, and most people tended to assume that, once they got started, they would be continuous. But this didn't happen. The progress got stalled, and no one I know is talking about

continuing the climb. Most of our energy is going into trying to avoid regression."

The drop in minority enrollment this fall is sharpest among freshmen at Ivy League schools and other expensive private colleges. At Harvard University, for example, the number of first-year minority students dropped by 7 percent, from 463 students to 431. More than half of the black men who were offered admission, 43 of 83, did not accept.

Cornell University reported a 10-percent drop in minority enrollment in its freshman class. The number of blacks in the freshman class dropped to 156 from 195; the number of Hispanic Americans fell to 121 from 138, and there were four native Americans in the class, compared with 10 the previous fall.

The trend was apparent at a wide variety of

other institutions. At the University of Arkansas in Fayetteville, minority representation in the freshman class dropped by 10 percent, the first decline ever reported, while at the University of Arkansas at Pine Bluff, a predominantly black public university, there was a drop of 6 percent in total enrollment.

The United Negro College Fund found that overall enrollment at the 42 historically black colleges under its umbrella dropped 3.7 percent in the fall, with the number of freshmen down 12 percent. "Students seemed to be afraid that they would not get financial aid," said Alan Kirschner, director of research.

Earlier this year, the Commission on the Higher Education of Minorities, supported with a \$700,000 grant from the Ford Foundation, issued a report concluding that "the last two decades have witnessed dramatic increases

in minority representation at all levels of the educational pipeline and in virtually all fields."

It added, however, that minority representation has stabilized in the past five years and that "few gains have been made since the mid-1970s."

There have been some exceptions to the general pattern, mainly among undergraduate institutions that have increased recruiting efforts. At Barnard College in New York, for instance, minority enrollment in the freshman class rose to 26 percent this year from 17 percent in 1978.

Steve Syverson, director of admissions at Pomona College in California, said that the drop reflected a broader trend among disadvantaged students.

"The decline is not limited to minority stu-

dents but is more a function of lower socioeconomic backgrounds," he said. "There is a widespread feeling: Why should I go on to a big liberal arts college, which will cost a lot of money, when I can go do something that will make a lot of money right away?"

The National Institute of Independent Colleges and Universities recently released a study showing that from 1979-80 to 1981-82, private colleges and universities reported a 39-percent drop in students whose family incomes were \$6,000 to \$24,000.

Many officials also said that the cutbacks in federal grants and loans to college students that went into effect in October 1981 were a major factor, not so much because they eliminated substantial support for needy students but because students feared that they would do so.



STANDING TALL — Robert Dean works in his Stahlton, Pennsylvania, studio on a 10-foot clay model of the late Dwight D. Eisenhower. A bronze casting of the statue will be placed at the U.S. Military Academy at West Point.

Reagan Won't Move To Speed Up Tax Cut

By David Hoffman
Washington Post Service

WASHINGTON — President Ronald Reagan, following the advice of Republican congressional leaders, said Tuesday that he had ruled out a request to Congress to accelerate the third stage of his across-the-board tax cut.

Mr. Reagan said that although there continued to be what he termed "interest" in the idea of advancing the tax cut from July to January, "we're not going to make a push for that." He was flanked by the Senate majority leader, Howard H. Baker Jr., Republican of Tennessee, and the House minority leader, Robert H. Michel, Republican of Illinois.

Mr. Reagan said that his most important objective for the post-election session of Congress that began this week "is to protect the cuts that are already in place, the third year of the tax cut that begins this July" and "the indexing that follows" in 1985.

A few weeks ago Mr. Reagan said that he found the idea of accelerating the tax cut "appealing" because it would stimulate the economy.

Questioned about why he had changed his mind since then, Mr. Reagan said there were several reasons, one of them being that the tax-cut acceleration would worsen the deficit.

He said that although the tax cut would produce some stimulation to the economy, the "first re-

sult" would be an addition to the federal deficit.

The president added that he had discussed with the two-dozen congressional leaders who came to the White House what he termed the "difficulty" of winning approval of a tax-cut acceleration in the post-election session of Congress.

Mr. Reagan has already asked for action on 10 appropriations bills and other legislative items before the 97th Congress ends.

Senator Baker said Mr. Reagan would have little difficulty in preserving the third year of the tax cut. But White House officials have said that they expect Democrats to attempt to modify or eliminate the tax cut next year.

The majority leader said that Mr. Reagan had not made up his mind on the tax-cut acceleration before the meeting, which Senator Baker described as a "fairly energetic debate" on the issue.

The Tennessee Republican said that he had personally recommended against accelerating the tax cut.

Norway Church May Close for Lack of Wine

The Associated Press

KRISTIANSAND, Norway — Kristiansand's Roman Catholic church may be forced to close soon, the Rev. Norbert Haunschild said Tuesday, because it is running short of altar wine.

Father Haunschild was quoted by Oslo newspaper Dagbladet as saying: "We have only two bottles of altar wine left. Unless some of our parishioners have some few bottles to spare, we may be forced to close soon."

A strike by 500 production workers of Vinmonopolet, Norway's state-run wine and liquor monopoly, has made it difficult for the church to buy the necessary quantities of wine, the paper said.

U.S.-Turkey Airfield Pact

The Associated Press

BRUSSELS — The United States and Turkey signed an accord Monday to allow for American use of Turkish airfields.

Reagan Backs Extension in 1984 Of U.S. Revenue-Sharing Program

By Howard Kurtz
Washington Post Service

LOS ANGELES — President Ronald Reagan has all but assured urban leaders that he will support an extension of the popular revenue-sharing program, which returns U.S. funds to states and municipalities.

The president said Monday that he had supported revenue sharing over the last two years, "and while I haven't made any final budget decisions for fiscal 1984, I can promise you I will look at revenue sharing in the same light." The \$4.6-billion program is up for reauthorization next year.

But, at the same time, Mr. Reagan cautioned that the cities had become "addicted to federal bailouts" and would have to become more self-reliant.

He told more than 3,000 delegates to the National League of Cities convention here that new U.S. spending programs are not the answer to their economic problems. "It is time to give up the temporary Band-Aids and placebos,"

he said. "In a very real sense, our coffers are empty."

The president also asked the league to support his proposals for a gasoline-tax increase to repair aging roads and bridges and for creation of enterprise zones in 75 distressed neighborhoods.

League officials generally were pleased with Mr. Reagan's conciliatory tone, especially on revenue sharing. "I feel very encouraged by some of the things he said," said the league's president, Ferd L. Harrison of Scotland Neck, North Carolina.

Mr. Reagan singled out Baltimore's "Blue Chip-In" program as an innovative approach in which private companies have donated money or jobs to hire the unemployed. But Baltimore officials said the contributions made up only 1,751 of the 12,000 summer jobs they lost to U.S. budget cuts. As for permanent jobs, the companies have raised only \$2.2 million of the \$63 million the city has lost in U.S. job funds.

In similar fashion, many of the officials here have been on a star-

vation diet for two years and are resigned to a prolonged period of austerity. Dayton, Ohio, is buying its own phone system. Fort Worth, Texas, has hired a company to pick up the trash. Minneapolis has gone to one-man police cars, and while firemen in Seattle still put out fires for free, they now charge to conduct building inspections.

One of the busiest exhibitions at the convention belongs to Wackenhut Services Inc., which contracts with cities to provide firemen, ambulances, airport rescue teams and, for small towns, entire police departments. Savings are impressive because Wackenhut does not have to pay union wages.

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Reagan Aide Cautions Congress Against Cutting Troops in Europe

By Richard M. Weintraub
Washington Post Service

WASHINGTON — The Reagan administration warned Congress on Tuesday that legislation that would force troop cutbacks in Europe would "signal a broad U.S. retreat from its responsibilities" just when the new Soviet leadership was measuring "our ability to maintain a unified Western alliance."

Lawrence S. Eagleburger, under-secretary of state for political affairs, also told members of the Senate Foreign Relations Committee that measures in the military appropriations bill would "interfere with our ability to meet our commitment to modernize NATO's nuclear forces" and undercut the U.S. negotiating position at the nuclear arms talks with the Soviet Union in Geneva.

The Senate is expected to take up the 1983 military appropriations bill in two weeks. The measure contains provisions that would force a cut of 18,900 U.S. soldiers in Europe, eliminate funds for stockpiling equipment to serve

U.S. rapid deployment forces, cut funding for ground-launched cruise missiles, and eliminate the U.S. portion of funding for 93,000 West German reservists to support U.S. units.

These provisions received overwhelming support in committee action. They reflect a growing belief within Congress that other nations of the North Atlantic Treaty Organization must bear more of the burden for Western defense at a time when the United States is expanding its military role elsewhere in the world.

"Never has the American role in the defense of Europe been reduced through legislation," Mr. Eagleburger said. "Never has the U.S. backed away from its NATO commitments. And never have the elected representatives of the American people voted not to stand by our allies and back up our defense commitments."

"Are we really ready now to take such a fateful step?" he asked. "Do we really want to greet the new Soviet leadership with a sharp deviation from the policies that

have so successfully preserved Western security and American leadership in Europe?"

The Senate military appropriations subcommittee voted in late September to freeze U.S. troop strength in Europe at the 1980 level of 331,700 as compared to 355,600, which the administration is proposing.

Senate sources indicate that even if the House bill does not reach the Senate in time to allow action during the three-week post-election session, efforts are expected to be made to put some kind of peacetime maximum on the number of U.S. troops in Europe into the continuing resolution.

Mr. Eagleburger rejected arguments that such steps would jolt the Europeans into doing more for themselves.

"Proponents of this legislation may claim that our doing less would jolt our allies into doing more," he said. "I see no basis for such wishful thinking. U.S. cuts would have the opposite effect. If we do less, the Europeans will do less, and we will be less secure."

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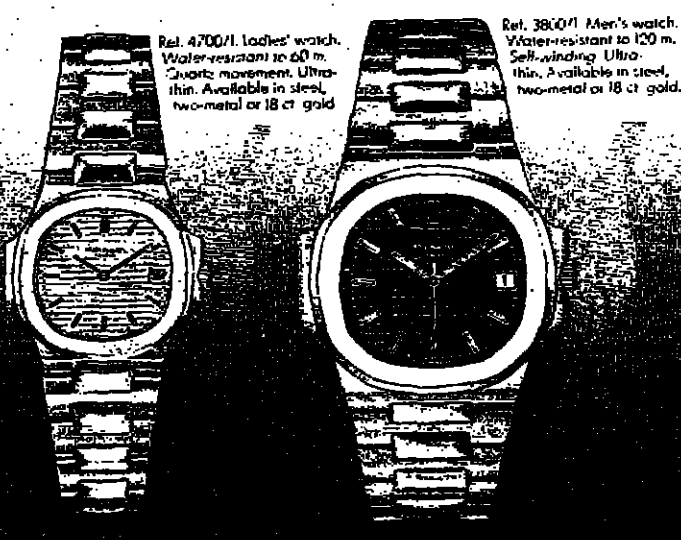
VIF Gourmet Journal (Hamburg) April 1982



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Herald Tribune

Published With The New York Times and The Washington Post

Better Gripes Than War

The conference was "badly prepared, badly organized and should never have been held at this time," said the chief of the European Community delegation to the 88-nation trade conference just concluded in Geneva.

He is entitled to his opinion on the first two points but is decidedly wrong on the third. The world now needs every sign of recognition that trade war can be deadly.

America insisted on this meeting of signatories to the General Agreement on Tariffs and Trade. President Reagan wanted it as a way to stop the world slide toward protectionism. What he got instead was a long lecture on the foolishness of American policies and diplomacy, followed by a vague, written affirmation of free trade.

Still, the Geneva conference did not fail. By exposing the parties to bitter debate, it may have had a positive, sobering influence on leaders long accustomed to viewing trade issues from a position of chauvinistic politics.

The Reagan administration, like other administrations dating back to Franklin Delano Roosevelt's, opposes barriers to world trade. But also like its predecessors this administration must contend with a Congress more concerned with a dozen domestic industries facing stiff foreign competition than with the less specific advantages of open trade.

President Reagan is in tactical retreat, conceding new protection to steel, auto, textile and sugar interests in hope of heading off worse. The Geneva conference was intended as a complementary tactic.

If the Europeans could be induced to tame their protectionist policies, particularly the subsidizing of agricultural exports — Con-

gress might reduce its pressure for retaliation. But the American agenda did not sit well with the Europeans, particularly the French. Washington, they said, has some nerve asking for trade concessions while Europe suffers from a deep recession exported by America. Besides, they argued, the United States is in no position to throw stones at agricultural protectionism. The meat, dairy and sugar industries in the United States are all insulated from foreign competition by quotas.

On the merits, the American arguments are more persuasive. The Europeans originally favored precisely the anti-inflationary policies that have triggered the recession. Now they can win votes at home by denouncing those policies. As for agricultural protectionism, Europe is the worse sinner. In a world without trade barriers, the United States would still be the world's largest exporter of food; densely populated Europe would probably become a net food importer.

But winning the technical argument is not the point. In times of stress, it is inevitable that politicians lunge for the dubious proposition that it is worth paying more for cars or corn to create jobs at home. Not many minds were changed by the oratory in Geneva. But hardly anyone, not even the observers sent from Congress, could have left thinking that such beggar-thy-neighbor policies would pass without retaliation. Any further move by America or Europe to restrict imports or steal markets is bound to be self-defeating. And since anything is preferable to rearming for trade war, what happened in Geneva was a welcome, if weak, blow for peace.

—THE NEW YORK TIMES

Off on a Latin Circuit

Pity President Reagan, who left Tuesday for five days in Brazil, Colombia, Costa Rica and Honduras. When he stays away from Latin America he is accused of neglecting a vital region. When he does go he is accused of promoting his own policy. It dismisses some critics, for instance, that he will make an appearance in Central America in support of friendly governments. It is regrettable that presidential visits to Latin America are so few and Latin so sensitive to the symbolism of them that Mr. Reagan cannot simply head south and do business. But it is good that he is going all the same.

The "easy" part of the trip will be to salute the various national political evolutions that add up in the administration's eyes to the hemisphere's current "democratic momentum" — in the four countries the president is visiting and, much more crudely and partially, in El Salvador and Guatemala, whose presidents he will meet along the way. It is a ragged and incomplete trend, but one worthy of whatever impetus Mr. Reagan can add to it. The longtime democrats in Costa Rica aside, his Central American interlocutors represent conservative, heavily military governments that are being called upon to promote social change and to fight insurgents at the same time. All of Latin America will be lis-

tening closely to the way President Reagan addresses these two missions.

However, the long-term battle for Latin America will be fought on different and even more difficult terrain. In the 20 years since the Alliance for Progress, Latin America has recorded impressive economic growth — 6 percent a year in real terms, Secretary of State George Shultz recently observed. But to consolidate and sustain these gains, and pay the heavy debts which servicing is a necessary condition of further loans, the region now needs immense infusions of capital. The political disputes — in Central America, over the Falklands — may stall the headlines. The continuing effort of Latin America and the Caribbean region to acquire capital by trade, credits and loans is unavoidably the hemisphere's abiding concern.

Defying some of its press notices, the Reagan administration has sought to be more attentive in word and, increasingly, in deed to these Latin priorities. Secretary Shultz's economic interest and his commitment to the anti-protectionist cause are especially relevant. Congress could help substantially at this moment by approving the tariff and investment incentives in the administration's Caribbean Basin Initiative.

—THE WASHINGTON POST

Other Opinion

Timing in the Middle East

Israel says she is not in a hurry and that she can wait until Lebanon screams with pain, (but) the Soviets, under new leadership, may not sit back and watch America move freely in the region. They may interfere to spoil what is being cooked outside their kitchen in terms of regional peace settlements.

—An-Nahar (Beirut).

Dramatic Reversal in Spain

[On Tuesday] Felipe González formally [took] on the office of prime minister, thereby becoming Europe's youngest head of government at the age of 40. It is a dramatic moment in the history of a dramatic country to see the Socialist Labor Party, the same PSOE that was brought down and then banned by Franco in the civil war, return from the wilderness with a thumping majority conferred by a free people.

—The Guardian (London).

After the GATT Conference

The danger in the outcome of these talks is that they may have brought trade warfare a little closer. Protectionism has been acknowledged as an unfortunate fact of life. The U.S. threat to batter Europe's Common Agricultural Policy by selling U.S. stockpiles is still there. U.S. congressmen who were threatening to become more protectionist unless the Geneva conference reinforced the rule of GATT law have been given very little reassurance. On the other hand another layer of illusion about the state of the world economy has been swept away, and the economic priorities of Western governments were altered by the Mexican debt crisis and by the atmosphere of fear at the IMF meeting in

Toronto, so Geneva has confirmed that world trade is a threatened source of recovery and that domestic economic policies must be altered accordingly.

—The Financial Times (London).

Reagan South of the Border

[The United States and Brazil form] a privileged economic partnership that already brought the two countries closer during the GATT meeting and that the Reagan visit will certainly consolidate.

—Jornal do Brasil (Rio de Janeiro).

President Reagan's visit to Latin America this week has been billed by the advance briefers as a "statement of support for a major trend toward democratic government." But the true trend below the border is toward bankruptcy. So the presidential voyage is at best cosmetic. While it may increase Ronald Reagan's standing at home, it does almost nothing to alleviate the financial squeeze that now afflicts most of the rest of the world, and especially Latin America.

The role of the United States, and particularly the Reagan administration, in deepening an ever-lengthening global hard times looks large. Washington all-out assault on inflation forced down the prices of the commodities that the developing countries export. It spawned the recession which spread and diminished demand for goods everywhere. It fostered a rising tide of protectionist pressure. Until these trends are reversed, all of Latin America is going to suffer.

An end to the world recession depends principally upon an economic turnaround in the United States. Ronald Reagan could do much more for the hemisphere by promoting rapid recovery back home than by making a grand tour below the border.

—Syndicated columnist Joseph Kraft.

DEC. 1: FROM OUR PAGES 75 AND 50 YEARS AGO

1907: Violence Disrupts the Duma

ST. PETERSBURG — Violent incidents marked the sitting of the Duma. M. Rodicheff, leader of the Cadets, defending the Polish cause, compared Prime Minister Stolypin to M. Mouravieff, the pacifier of Poland, so noted for his cruelty. The 300 Monarchist, Moderate and Octobrist deputies raised loud and angry cries, and, rushing toward the tribune, endeavored to assault M. Rodicheff, who was protected by the Cadets. A scene of indescribable violence followed and M. Khomiakov had to leave the presidential tribune without being able to move the suspension of the sitting. M. Rodicheff later apologized to M. Stolypin, but the Duma voted the deputy's expulsion.

1932: Soviets Gain Peace Pacts

PARIS — Today's editorial in the Herald reads: "The Soviet Union, haunted since the revolution by fears of external attack, has made it a point of policy to conclude non-aggression pacts with its neighbors. After its success with the Baltic states, it turned its attention to Poland and Romania, and also to France, as the best means of winning the consent of its western and southwestern neighbors. Russian policy has met with success, which will be complete when Romania decides to follow the example of Poland and its powerful Western ally, France. As a result of the general anti-war pact signed this week in Paris, it is hoped that Franco-Soviet trade relations will enter a new era."

High Time for a New Statesmanship

By Flora Lewis

PARIS — International trade has come to fit the comment on the weather attributed to Mark Twain: "Everybody talks about it but nobody does anything about it."

In their first ministerial-level meeting in nine years, the 88 members of GATT managed to haggle out an agreement early Monday morning promising to try to behave a bit better toward each other. The fact that avoiding a complete failure of the meeting with such a flimsy papering over of disputes was called a success shows how bad the situation has become.

It is important now to recall what GATT stands for: General Agreement on Tariffs and Trade. That is, it is not a treaty, but only a set of rules adopted by consensus. They can be enforced only by threat of reprisals, although the very purpose of the organization is to prevent a chain reaction of protectionist reprisals that would bring the collapse of world trade.

The organization was established in the great building period after World War II when statesmen tried to create a new international system on the basis of the tragic lessons of the Depression and the war. The United Nations, the World Bank, the IMF and relief and refugee organizations were all parts of the structure devised to prevent a repetition of history.

There are some architectural faults, but on the whole it worked very well and produced a level of prosperity never known before. There are more poor people now than at the end of World War II because there are more than twice as many people. But there are also hundreds of millions who are better off than their grandparents dreamed of, and the explosion of trade in the last two generations.

During most of that period trade disputes were considered minor matters scarcely noticed by top diplomats struggling with the "great issues" — precisely because GATT and the international system managed to cope. Each important GATT meeting focused on broadening the rules still further and promoting more trade.

The tide has turned. All the officials involved know perfectly well that the painful old lessons still hold true and that they, the officials, are

pushing the world on a primrose path to disaster. But under domestic political and economic pressure, they are all trying desperately to carve out an illusory sanctuary for their own countries.

Thus it was that while the bickering went on at the meeting in Geneva, the French minister of industry, Jean-Pierre Chevènement, spoke proudly on the radio of his plans to conduct "a counter-offensive in the economic war."

And the U.S. Information Agency quoted an anonymous American "senior official" who said



Washington was considering a "war chest" to subsidize exports and dump excess dairy products on the world market so as to give other countries "a taste of their own medicine."

France has notified its partners in the European Community that it wants negotiations for the

entry of Spain and Portugal to be swift and sharp. Given French determination to protect its warm-weather agriculture, other governments suspect that Paris is really maneuvering to block the Iberian states for the indefinite future.

Thus have once-rosy prospects for more and more growth in trade shriveled to a mean defense of a patch of turf in what used to be thought of as the open "free world."

Everybody still gives lip service to the need to combat protectionism, but at the same time everybody is holding out for what each country considers its special case and special need. The monumental world debt makes shrinking trade and shrinking markets all the more devastating with the threat of financial failures, precisely when everybody is more mutually dependent.

There are still a few people with an eye to the future. The United States, now more a service than a manufacturing economy, sought to expand GATT's liberalizing rules to services and technology. Technology has made it possible for engineers in Pakistan to draw computerized blueprints for a Houston construction company and deliver them more quickly and cheaply than engineers in Houston. It has also made it possible for a computer in Columbus, Ohio, to run Swedish fire departments more efficiently.

GATT promised to "study" the issue of services until 1984. Meanwhile, the world is on two tracks, one inevitably linking the earning capacity of people separated by vast distances, the other piling up barriers to cut them off. The strains are becoming enormous.

There are no heroes in this free-for-all. The United States and the Europeans and the Japanese all have valid reasons for the mud they sling at each other. They are all impeding trade and seeking unfair advantage.

But there will be a lot of victims if the trade war continues. There comes a time when international trade isn't just business, it's politics, and a time when politics becomes security. To prevent that, the public needs to see the general interest above all special interests and say no to economic war as firmly as to military war.

The New York Times

Americas: The Millennial Hopes Are Still There

By Henry Raymond

WASHINGTON — Last month brought the 490th anniversary of the discovery of the Americas. Latins call October 12 "Día de la Raza" and celebrate it as an affirmation of their Iberian heritage, much the way Anglophile groups in North America regularly pay homage to Britain's legacy in terms of racial stock, political and juridical concepts and general culture.

To value the European connection as a symbol of Western cohesion and pride in the past is one thing; but to suggest that the American republics have more in common with old world cultures than each other is a very different one and entails a false view of the century after World War II.

Yet the assumptions of the founders provide the criteria against which the political life of the present might be measured. They would, for example, indicate how far we have strayed from a unifying new world vision based on clear understanding of the ideals that separated republican America from monarchical Europe.

For was not post-Columbian America settled by people seeking new frontiers and status in a hemisphere free of the oppressiveness of the old order? Did not both Americas wage fierce wars to free themselves from the royal autocrats of Europe?

Is not a measure of the new world's uniqueness the convergence of Indo-American, African, Asian and European cultures that produced the new American man? The Colombian historian Germán Arango captures the spirit when he writes: "The people of the Americas were commoners — plain people in the Hispano-Indian colonies, plain Smiths in the English colonies who had been docile vassals in Europe emigrated to America as bold adventurers."

The belief in common origins, values and destiny, assumed to be axiomatic as recently as World War II, is no longer a popular notion. To hear some North Americans talk you would think they are living as an island of Puritan virtue in a hemisphere of perversion. Latin critics, thundering away like an Inquisition at the Reformation, accuse the United States of materialism, godlessness and imperial pretensions.

The hemisphere seems to have slipped into what might be called a pre-Columbian universe, with each half yielding to the gravitational power exerted by Europe-oriented policymakers and scholars.

Traditional new world ideals have

become their opposites. The reason for this historical flip-flop is not difficult to discern: The geographic mists dispelled by Columbus's transoceanic voyage have been replaced by the impenetrable mists of prejudice, misunderstanding and ignorance, anachronistically transplanted from the old world to the new.

Many of the conclusions, principles and policies of the United States concerning the other American republics are still colored by Britain's Hispanophobic black legend, with its caricature of the Spanish empire as wicked, cruel, wasteful, bigoted and foolish. It is as if North America had remained colonized by an English version of history, the way Ibero-America is held captive by Anglophobic Spanish textbooks.

How else are we to explain the remarkable myopia that each half of the hemisphere has displayed toward the other in failing to recognize shared historical stirrings? What is the New World if not an irreducible core of free, spontaneous, creative nature, a yearning for identity, dignity and worth, combined with a constant struggle between conflicting forces of traditionalism and progress, conforming and rebellion, fatalism and a demand to do something and to be something in the world? The long and heated contest has never been more alive than it is in the American republics, the United States included.

What fascinates so much about the epic of the Americas is that 490 years after Columbus's great journey, they still carry the seeds of those millennial expectations, both spiritual and material, that have made them the millions of immigrants westward.

As the 500th anniversary of the discovery approaches, the Americas ought to undertake to exorcise the remaining mists that shroud hemisphere understanding, the way the voyage of the "admiral of the ocean sea" disposed of sea serpents, fiery Equators and other mythical horrors in order to give greater substance to "the vague form" of the new world prefigured by liberty-loving men.

The writer, a former foreign correspondent, is a founding member of The Americas: Five Centuries Inc., a non-profit foundation devoted to organizing the celebration of the 500th anniversary of the discovery.

Fanfani Versus Them All

By Enrico Jacchia

ROME — The policies announced by the incoming Italian premier, Amintore Fanfani, a Christian Democrat, if really implemented will be substantially different from the course followed by his predecessor, Giovanni Spadolini, the outgoing prime minister, pursued tenaciously the task of mediating between opposing forces: the right and the left, the public and the private sectors, the trade unions and the business community. It was an impossible undertaking in a time of crisis. He succeeded in projecting a new image of Italy on the international scene, but he failed to hold together his quarrelsome coalition in domestic affairs.

At present no one seems to be in a position to say exactly to what level the Italian deficit had receded, but all sides agree that it is huge and requires emergency measures.

Who will be called on to make the biggest sacrifices — business, with the imposition of new taxes, or workers, with a substantial freeze on their salaries? Mr. Fanfani promises both. The Christian Democrat Party obviously does not want to lose its electoral base. The Communist stand is clear-cut: We are not allowed to share in the governmental responsibility, so we will oppose forcefully any austerity measure that penalizes the working class. Their threat is serious.

Mr. Fanfani reportedly made an attempt to soften their opposition. During his exploratory conversations with party leaders, rumors spread in Rome political circles that he had met the Communist leader, Enrico Berlinguer, and discussed the terms of a truce. While the Communist Party would refrain from stirring up the unions in all-out battle against the government austerity measures, the government would delay the last phase of construction work at Comiso, the base where cruise missiles are to be installed in Italy.

For the Communists it would not have been a bad bargain. The country needs drastic economic measures and they know it. The Communist leaders, on the other hand, have to score a breakthrough in their anti-nuclear campaign could come in handy to show the rank and file, and Moscow as well, that they are not the renegades and the social democrats they are accused of being.

The uproar in non-Communist political circles was immediate and considerable. Comiso is part of the defense of Europe. To give up on the Sicilian base plan now, it was claimed, would mean the collapse of Atlantic Alliance nuclear policy on the Continent. The prime minister-designate issued a stern denial and the incident was closed.

Yet the whole episode is meaningful. It shows how highly Communist support, or benevolent abstention, is valued by any prospective government in the present circumstances.

Mr. Fanfani has pledged that his package of austerity measures will be evenhanded, although it is no secret that the industrial sector is backing him. During its annual convention last week, Confindustria, the employers' confederation, went out of its usual measured way in condemning what it depicted as intolerable abuses in government spending. Health and social security benefits have been denounced as perverted tools used by political parties to distribute billions to their voters. As an example, almost 1 million people have been allowed to retire under the age of 40.

The difficulties that Mr. Spadolini has encountered in trying to run the country with the consensus of all, including the unions, have been instructive for his successor.

Mr. Fanfani pledges in his program to trim the deficit by imposing new taxes on real estate and profits, but also to contain wages strictly within the limits of a planned 13-percent inflation rate.

Instead of governing with everybody's consensus, that amounts to trying to disconcert everybody in an equal way. Mr. Fanfani says he trusts that his formula will work.

International Herald Tribune

LETTERS TO THE EDITOR

Democracy in Israel

To maintain that Israel is less democratic than the Arab countries is a bad joke that shows to what extent anti-Israel sentiment is blind to reality. The logic of Abdou Bari Awran (Letters, Nov. 27) would lead to the conclusion that the United States is less democratic than Iran because blacks in America experience discrimination and are under-represented in government bodies.

The telling fact is that Israeli Arabs, obviously culturally linked to the countries which have refused to end the war they proclaimed against Israel in 1948, do have representation in the Knesset. If Jews who lived in Iraq or Syria had claimed the right to be elected to political office — assuming that elections existed — they would have been laughed at.

Even Jordan and Saudi Arabia, moderate countries by comparison, do not allow Jews to vote.

MARK L. COHEN, Paris.

The Game in Nicaragua

Regarding "Washington Should Ease Its Pressure On Managua" by Anne Manuel (HT, Nov. 11): The argument is very human and nice to read, but I do not believe "diplomatic pressure" would work. I think the point of the Reagan administration's covert operations in Nicaragua is to demonstrate the extent of economic damage that a small group of well-armed men can accomplish in the name of a "political movement," whether it be pro-Somozas, pro-Communist or pro-democracy.

Is this not the formula that has been applied by communist-backed covert operations in Vietnam, Angola and now, through Cuba and Nicaragua,

in El Salvador? Imagine, if the political conditions prevailed, what 1,000 armed men could do to the Netherlands' economy, or for that matter to the U.S. economy. And when an economy deteriorates, so does the support of the populace.

Through President Reagan, the United States is learning how to play the game under Soviet rules — that is, destroy the economy and you destroy the will of the populace to maintain that government in power.

Were the Nicaraguan government to realize the social and economic damage that the political exiles can cause, it might stop supporting with weapons the Salvadoran political exiles who are causing just such damage in El Salvador. This can be applied to any country that is bent on exporting its particular politics through the gun — Cuba, Libya, Vietnam, South Africa or Iran, for example.

JOHN FEEHELEY, Veghel, Netherlands.

Tamils and Separatism

Regarding "Letter From Jaffna: Tamils vs. Sinhalese" (HT, Oct. 26): Prany Gupte draws a highly exaggerated picture. This is not a classic ethnic confrontation, and no "battle lines are drawn." On the contrary, Sinhalese and Tamils have lived peacefully in Sri Lanka for centuries, and the island has just concluded a democratic presidential election with the participation of the entire population, including the Tamils with their own separatist candidate.

Tamils are found all over the island. Those who want separation are a small minority located in the Jaffna peninsula. While the Tamils have some legitimate grievances, particularly on the language issue, this has

nevertheless been a subject of discussion between Sinhalese and Tamil leaders for years and is certainly capable of solution given understanding and good will on both sides.

As for the presumed support for the separatists, the results of the recent presidential election are illustrative. In the Jaffna district, a Tamil candidate who was theoretically a separatist received the largest number of votes, 87,263, but votes for the other two main parties, which oppose separation, totaled over 125,000. So even Jaffna is clearly not separatist.

It is now up to a president who has been elected by a large majority, including most Tamils, to resolve a linguistic problem that has been exaggerated out of all proportion.

VICTOR RATNAVALE, Geneva.

A View of Brezhnev

Regarding "A Tyrant Not No Monster" (HT, Nov. 15): Has James Reston consulted any of the millions of Afghans who have fled their homeland? Or the family of my former Afghan friend, an Afghan who was thrown from a Soviet airplane while supposedly on his way to be forcibly re-educated in the thinking of Mr. Brezhnev? Mr. Reston is wrong. Mr. Brezhnev fits my dictionary's definition of a monster: One who inspires horror or disgust.

DON C. YAGER, Seeb, Oman.

African Income Levels

Regarding "South Africa Threatens to Be the Middle East of the 1990s" (HT, Oct. 25): Robert McNamara refers to "evidence" that income per capita is higher for Africans in South Africa than

in the nations of black Africa. It would seem that this is evidence of the blind acceptance of South African propaganda and manipulation of statistics. This claim was refuted by Donald Woods in an article for South magazine. He further stated that on an index which measures the more relevant quality of life in economic terms, South African blacks ranked behind 16 black African nations.

D. GROGAN, Kafue, Zambia.

Funding Social Security

The International Herald Tribune has published numerous news items and analyses on the social security problem in the United States which seem to take the point of view that the social security system must be completely self-supporting. It is true that the original social security law set up the system with the intention of having it be self-supporting, but I do not believe that this was engraved on stone tablets and handed down from Mount Sinai. The fact is that virtually no social security system in the world today is self-supporting. In almost every case governments have had to have recourse to general revenues in order to cover the expense of supporting the growing population of the elderly.

IRWIN MARKS, Barcelona.

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D'Aubuisson Foes Said To Gain Upper Hand In a Power Struggle

By Christopher Dickey
Washington Post Service

SAN SALVADOR — Army generals and civilian politicians backed by the United States appear to be gaining the upper hand in what has become a bitter power struggle against Roberto d'Aubuisson, the right-wing extremist whose forces gained substantial control over the Salvadoran government in U.S.-sponsored elections last March.

The internal political battle has become so intense that, in the view of some diplomats and officials here, it has temporarily overshadowed American and Salvadoran military efforts to wage the three-year-old civil war against Marxist insurgents.

The United States, according to officials here and in Washington, believes that Mr. d'Aubuisson's extremist makes him an unreliable ally and that his unwavering opposition to democratic reforms and his alleged association with rightist death squads may undercut already tenuous congressional approval for U.S. aid to El Salvador.

Mr. d'Aubuisson's principal opponents are Defense Minister José Guillermo García and the country's provisional president, Alvaro Magaña.

The U.S. Embassy, which controls \$200 million in economic aid and \$81 million in military support this year, has been crucial in turning the power balance against Mr. d'Aubuisson by supporting General García and Mr. Magaña.

In recent weeks, the conservative coalition that backed his bid for power in March has fragmented and is disintegrating.

General García has been able not only to block maneuvers for his removal, but also to dislodge Colonel Nicolas Carranza, a key ally of Mr. d'Aubuisson, from the intelligence-gathering job of heading the nation's communications network.

Moreover, Mr. d'Aubuisson's cabinet appointees are under mounting attack and some of his closest friends are vehemently denounced as murderers by U.S. officials.

The increasingly open intervention of U.S. Ambassador Deane R. Hinton — who recently declared that the abuses committed by the extreme right must be curbed — are seen here as strengthening Mr. Magaña and General García.

General García, although still considered a hard-liner on the question of human rights and other reforms, now argues that U.S. aid is necessary to defeat the guerrillas, who are backed by Cuba and Nicaragua.

Mr. d'Aubuisson apparently believes that El Salvador can survive without U.S. help, and he has reacted sharply to what his supporters characterize as unwarranted meddling by Mr. Hinton.

They believe that Mr. Hinton's intention is to overturn the results of the March elections.

During a recent interview, Mr. Hinton argued — as Washington has done since 1979 — that U.S. aid has had a restraining influence. Without it, he said, the extreme right would gain complete control of the government and would try to resolve the guerrilla war through a bloody struggle that would eventually lead to a leftist victory.

The guerrillas share the view that they would win if Washington were not underwriting the current government.

After the March elections for the Constituent Assembly, Mr. d'Aubuisson's party and other rightist forces formed a coalition that held sway in politics. But the coalition began to fall apart in September, and some of Mr. d'Aubuisson's old, moneyed backing is now behind a new rightist party.

After Mr. Magaña, who had been the middle-of-the-road military's handpicked candidate for president, tried to pull together a government of national unity in August, the extreme right sought to win support at several military garrisons for the removal of General García.

The move failed, and General García and Mr. Magaña retaliated with the ouster of Mr. Carranza.

But the most striking setback for the extreme right came when Mr. d'Aubuisson failed to force a measure through the Constituent Assembly last month that would have prohibited any contact with the guerrillas. The move followed a guerrilla proposal for a form of "dialogue," instead of the rebels' previous call for substantive "negotiations."

Mr. d'Aubuisson is still holding his own on some fronts, however. Next to the overall political struggle, the most vexing problem for Washington and General García has been the failure to bring to prosecution an ally of Mr. d'Aubuisson, Lieutenant Rodolfo López Sibrián, for the slayings last year of the head of the agrarian reform program and two American advisers.

The recent victories against Mr. d'Aubuisson have raised hopes on the moderate left and even the moderate right that the time is near when the combatants in the civil war will at least begin talking about negotiations to end it.



CAUGHT IN THE MIDDLE — A Nicaraguan refugee holds his infant son at a makeshift camp along the Nicaraguan-Honduran border after fleeing renewed fighting in his homeland.

Reagan Trip Unhelpful, Managua Says

By Marilee Simons
New York Times Service

MANAGUA — The Nicaraguan government fears that President Ronald Reagan's visit to Central America this week will lead to the intensification of the diplomatic and covert military offensive it says is already under way against Nicaragua.

In an interview, Sergio Ramírez Mercado, a member of the leftist Junta of National Reconstruction, said President Reagan's stopover in Honduras on Saturday would further encourage Honduran involvement with "counterrevolutionary" exile groups that launch attacks across the Nicaraguan border.

"We are worried because Reagan's interest is to strengthen the warlike posture of Honduras," Mr. Ramírez said. "It is another step in the creation of a climate of aggression."

Barriada, an official newspaper, said in an editorial that Mr. Reagan's decision to visit Honduras also eliminated doubts "whether the activities in Honduras were a consequence of Central Intelligence Agency plans and Ambassador Negroponte getting out of hand, or whether Reagan himself is responsible for the policy" endorsing the exile raids. John D. Negroponte is the U.S. ambassador to Honduras.

During his stopover in Central America, which will follow visits to Brazil and Colombia, Mr. Reagan will meet briefly with the leaders of Costa Rica, El Salvador, Honduras and Guatemala.

Mr. Ramírez said the participation of Guatemala was also an ominous sign that that country, "which has until now kept at a distance," was being enlisted in the "diplomatic offensive" against Nicaragua.

"We are not on the imperial itinerary, to demonstrate that we are the controversial country that must be isolated," the junta member said.

President Reagan left Tuesday on the six-day trip to Central and Latin America. The Associated Press reported from Washington.

Although the United States and Nicaragua have professed an interest in talks to ease tensions, relations between the two countries have been virtually frozen in recent months.

U.S. diplomats here are being refused appointments with high-level Sandinista officials. This is a response, Mr. Ramírez said, to Washington's refusal to receive the Nicaraguan ambassador there by anyone other than low-level State Department officials.

Casual contacts between the U.S. ambassador and members of the Sandinista directorate are sometimes made here at diplomatic events.

"But nothing has been said or done for well over six months to move either side off dead center," a diplomat said.

The Reagan administration asserts that Nicaragua has caused regional problems with its military buildup, by accepting Cuban and East European military advisers and by supporting leftist guerrillas in El Salvador.

To seek support for this position, the Reagan administration organized the so-called Forum of Peace and Democracy on Oct. 3 in San José, Costa Rica. That meeting was attended by representatives from seven regional governments and from the United States.

The San José meeting was a "quiet declaration of war by the United States," a high-level Nicaraguan official said.

Since then, Nicaraguan officials say, rebel actions have stepped up dramatically, and the war has already begun.

There were incidents once or twice a week this summer. Now incidents, including incursions, ambushes or attacks on civilians, happen virtually every day.

At least 300 Nicaraguans, including teachers, engineers and members of the militia and the army, have been killed this year. The army says it has killed more than 600 rebels in the same period.

PLO-Jordan Panel Seeks Peace Talk Formula

By Loren Jenkins
Washington Post Service

AMMAN, Jordan — Yasser Arafat, chairman of the Palestine Liberation Organization, ended a three-day visit here Tuesday after helping to create a joint PLO-Jordanian commission to work on a compromise formula for peace negotiations. King Hussein is to take the formula to President Ronald Reagan next month when he visits Washington.

The 14-member commission is hoping to bridge the gap between Mr. Reagan's peace plan, which the PLO finds inadequate, and the Arabs' own peace initiative, which was formed at the recent summit meeting in Fez, Morocco, and which goes further toward PLO objectives than Washington has so far been willing to go.

The commission is to try to find a way to open negotiations with Israel for the return of the West Bank and Gaza Strip without the PLO's having to renounce its demands for an independent Palestinian state or its insistence that it is the sole legitimate representative of the Palestinian people.

The Reagan plan, resoundingly criticized by the PLO's central council at a meeting in Damascus last week because of its failure to satisfy the PLO's basic demands, excludes any role for the PLO in negotiations for the West Bank and Gaza Strip. Moreover, it specifically precludes the establishment of an independent state, preferring instead a West Bank and Gaza entity associated with Jordan.

While it was not clear how the PLO and Jordan hoped to moderate the U.S. stand against an independent Palestinian state, PLO and U.S. sources here indicated that the immediate focus of the commission would be on formulating counterproposals that an Arab delegation could present at any future negotiations in which the PLO would not be forced to delegate what it considers to be its authority to represent the Palestinian people.

President Reagan, in announcing his peace plan Sept. 1, insisted that King Hussein alone be the negotiating partner in any such peace talks. The king has said he could not assume such a role unless it was approved beforehand by the PLO. The PLO has been considered the sole legitimate representative of the Palestinian people by the Arab League since the 1974 Arab summit in Rabat.

The preferred formula for an Arab negotiating team, according to one of the PLO commission members here, was a joint Jordanian-Palestinian delegation in which its Palestinian members, possibly men not immediately identifiable directly with the PLO, would be authorized to negotiate for the PLO or be named outright as negotiators by the PLO.

If such a joint Jordanian-Palestinian delegation was not acceptable to Israel or the United States, the Palestinian sources said, then the other alternative would be a wider, less generic "Arab delegation" in which Palestinians would sit, again only with the express authorization of the PLO.

The PLO has been adamant in its refusal to give up the basic policies of its organization with nothing guaranteed in return. Mr. Arafat won a vote of confidence from the central council in Damascus last week only after he convinced it that his diplomacy, especially through King Hussein, would not mean a renunciation of the PLO's representation of the Palestinians or of the concept of an independent Palestinian state.

The commission appointed by Mr. Arafat and King Hussein to conduct talks on the compromise proposals is to be headed on the PLO side by Ahmed Dajani, an executive committee member, and on the Jordanian side by Prime Minister Mudhar Badran.

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Netherlands.....	Fl. 406	203	112
Norway.....	N.Kr. 1,120	560	308
Portugal.....	Pes. 14,200	7,100	3,900
Spain.....	Pes. 990	495	270
Sweden.....	S.Kr. 320	160	90
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UN Probe of Chemical War In Indochina Causes Dispute

By William Brzgin
Washington Post Service

BANGKOK — A UN team investigating alleged use of chemical weapons in Southeast Asia has become embroiled in controversy over its refusal to enter Cambodia to collect evidence, but both Thai authorities and Cambodia's Khmer Rouge guerrillas say they want the team to return.

A U.S. official at the United Nations in New York has sharply criticized the team's refusal to enter Cambodia and said Washington would allow the investigation to lapse because the panel had proved incapable of reaching conclusions.

However, Western and Thai officials involved in investigations here said the UN team had performed much better this year than when it visited Thailand a year ago to look into U.S. charges that Vietnamese forces and their allies have used illegal chemical weapons against resistance groups in Cambodia and Laos.

On Monday the State Department

said it had fresh, conclusive evidence that the Soviet Union was using poisonous chemicals and toxins in Afghanistan and Laos. The report said trichothecene mycotoxins have been used by Soviet forces in Afghanistan since at least 1980.

The Western and Thai officials said they still did not expect the UN team to issue any conclusive findings about use of chemical weapons. But they said the panel's report, now being drafted, would probably go farther than the one last year.

"This time was a complete turnaround from last time," said a Thai official who accompanied the UN team during its visit from Oct. 25 to Nov. 10.

"I'd be very surprised if they say anything conclusive," said a U.S. investigator. "But the indications are that it [the report] will be a hell of an improvement over last year's."

After a 10-day visit in November 1981, Western and Thai officials and medical personnel who

met with the UN group said it came poorly prepared, did not spend enough time in the country and conducted an inadequate investigation. In addition, they said the team set standards of proof that were impossible to achieve.

The group said it needed "immediate access to the area of the alleged chemical attack," but it has been denied entry by the governments of Laos and Afghanistan and it refused to enter areas of Cambodia controlled by the UN-recognized Khmer Rouge government.

The question of whether the seven-member team was willing to go into Cambodia this time has stirred considerable controversy here. In a communiqué Nov. 13, the Khmer Rouge charged that the team's Egyptian leader, Major General Esmat Ezz, favored accepting a Khmer Rouge invitation to visit its zones in western Cambodia but that two other members, a Bulgarian and a Swede, blocked the visit on grounds there was no UN authorization yet.

The panel's version is that it replied to a Khmer Rouge invitation by accepting in principle and requesting certain assurances regarding "security, itinerary and logistics." But it said the Khmer Rouge never replied. So the team went as far as the Thai border crossing point of Nong Tru, but refused to go over a bridge into Cambodian territory.

Despite its criticism, the Khmer Rouge said it "continues to maintain the invitation" to the UN group and hopes it will visit Cambodian territory.

The head of Thailand's National Security Council, Squadron Leader Prasong Soonsiri, also said that if the UN panel reaches no conclusion in its forthcoming report, it should return to conduct further investigations.

■ **Tass Denies U.S. Charges**
Tass denounced Tuesday as a "brazen lie" the new U.S. charges against the Soviet Union about poison chemicals and toxins. The Associated Press reported.

It said the United States was spreading "another false anti-Soviet report in a bid to justify its dangerous policy of preparations for chemical and bacteriological warfare."



These photographs, released by the State Department, are said to show the result of a gas attack on a 15-year-old Laotian boy. The youth was said to have recovered after medical treatment.



UN Approves New Plea for Soviet Pullout

Motion on Afghanistan Loses 2 Earlier Backers

By Bernard D. Nossiter
New York Times Service

UNITED NATIONS, New York — The General Assembly, by a vote of 114-21, has renewed its demand that Soviet troops withdraw from Afghanistan.

Despite the large majority, the outcome Monday was a mild disappointment to Pakistan and other prime movers of the resolution because the number of nations in favor fell two below that recorded last year.

The Pakistanis had sought to increase the number to heighten the "moral pressure" for an early political settlement. In the words of Sahabzada Yaqub Khan, Pakistan's foreign minister.

Even so, the Soviet Union could take little comfort from the result. The number of countries voting with Moscow also fell by two, perhaps reflecting the long Thanksgiving holiday weekend and the absence of some small delegations.

Most painful of all from Moscow's standpoint, 63 nations from those grouped as nonaligned voted with the majority and only 12 with the Soviet Union.

This was the fourth time in three years that the Assembly had called for "immediate withdrawal of foreign forces from Afghanistan" and insisted on the right of Afghans "to determine their own form of government."

Oleg A. Troyanovsky, the Soviet delegate, dismissed the Assembly effort as an "artificial hue and cry" and a diversion from "really burning issues." But UN officials and Asian diplomats say they still believe they see signs that Moscow wants to find a graceful way out.

An undersecretary-general, Diego Cordovez, has been mediating between Pakistan and the Soviet-backed government in Afghanistan, seeking a political formula to end the conflict and enable the Soviet forces to leave. Mr. Troyanovsky had approving words for these talks.

"We are pleased to note the preliminary outcome has, on the whole, been commended by the parties directly concerned," he said.

U.S. May Lessen Role In Rural Communities

By John Herbers
New York Times Service

WASHINGTON — The Reagan administration is preparing to prescribe formally for small towns and rural communities much of what it did for cities last summer: less federal money, more state and private authority and encouraged investment in depressed areas through its "enterprise zones" program.

In so doing, the administration will be addressing a constituency that includes many prosperous middle-class whites who support President Ronald Reagan more than the poor and members of minorities who are affected by urban policy, groups that historically have voted for Democrats.

Growth on the fringes of metropolitan areas and in outlying rural counties has given rise to new lobbies in Washington such as the National Association of Towns and Townships and the 135-member Rural Congressional Caucus.

These groups accept to a degree the president's goal of reducing the size and scope of the federal government, but they say their programs have been cut more deeply than those for cities and states.

To comply with their demands for equal treatment, officials say, the administration would have to authorize more spending, which seems unlikely, or further cuts in urban aid. The latter approach would again arouse the urban lobby, which reacted with fury in July when the administration released a report that mayors of big cities interpreted as virtual abandonment of the long-standing federal commitment to cities.

As a result, drafting the policy for rural areas is a delicate matter. The document, which must be submitted to Congress by Jan. 31, is being prepared under unusual security precautions to prevent premature disclosure. Both the urban and rural policies are required under a 1980 law.

"As far as we know," said Bart Russell, executive director of the National Association of Towns and Townships, "the new strategy will not go much further than what the administration has already laid out. We are pretty sure that it will have a proposal on enterprise zones."

The Economic Development Administration, which has spent billions in rural areas, would be eliminated. The Farmers Home Administration would have its housing assistance cut to \$1.9 billion from \$3.9 billion.

Mr. Reagan's plan for urban areas offers companies special tax credits and other breaks to encourage them to move into depressed communities and create jobs.

In addition to the prospering areas where there is new growth, areas that need roads, bridges, water and sewer mains and treating plants, schools, hospitals and other facilities, the policy must deal with more than 400 counties that are losing population.

Willard Phillips Jr., director of the Rural Development Policy Office in the Department of Agriculture, said the report was being drafted after consultations with the interest groups involved.

He declined to characterize the report, but other sources in the department said it was expected to call for a continued diminishing of the federal role and more involvement by states and local governments and the private sector. They said it would also call for extending the enterprise zones to rural areas. Federal money supported much of the 1970s growth, but the programs were administered by so many agencies that no one could measure their impact or efficiency. The 1980 Rural Policy Development Act, which called for coordination of the programs and a policy statement from each administration, was designed to correct this.

The Carter administration, in its final weeks, ordered an ambitious \$8-million study to develop an inventory of the needs of rural counties. The Reagan administration scaled it down drastically, however. It cut deeply into rural development programs, some of which had been abused in the past, according to the General Accounting Office.

Congress has not approved financing for the programs in this fiscal year. If the administration has its way, \$300 million will be provided for water and sewer loans and grants, a 60-percent reduction from 1981, and \$130 million for community facilities loans, a 50-percent reduction.

The Economic Development Administration, which has spent billions in rural areas, would be eliminated. The Farmers Home Administration would have its housing assistance cut to \$1.9 billion from \$3.9 billion.

Renewed Hanoi Force Reported in Cambodia

Reuters

BANGKOK — Vietnamese soldiers are in their best position to mount a dry-season offensive against Cambodian guerrillas since Hanoi's troops invaded Cambodia almost four years ago, according to military sources here.

They say Vietnam has in recent months rotated fresh troops into well-stocked positions close to guerrilla strongholds along Cambodia's border with Thailand.

"In previous years, the Vietnamese withdrew from the border during the April-to-November rainy season, when the monsoons favor guerrilla warfare," one source said. "This year the Vietnamese dug in at the frontier throughout the rains. They are much better poised to cause trouble to the guerrillas than they have been in the past."

Western diplomatic sources say

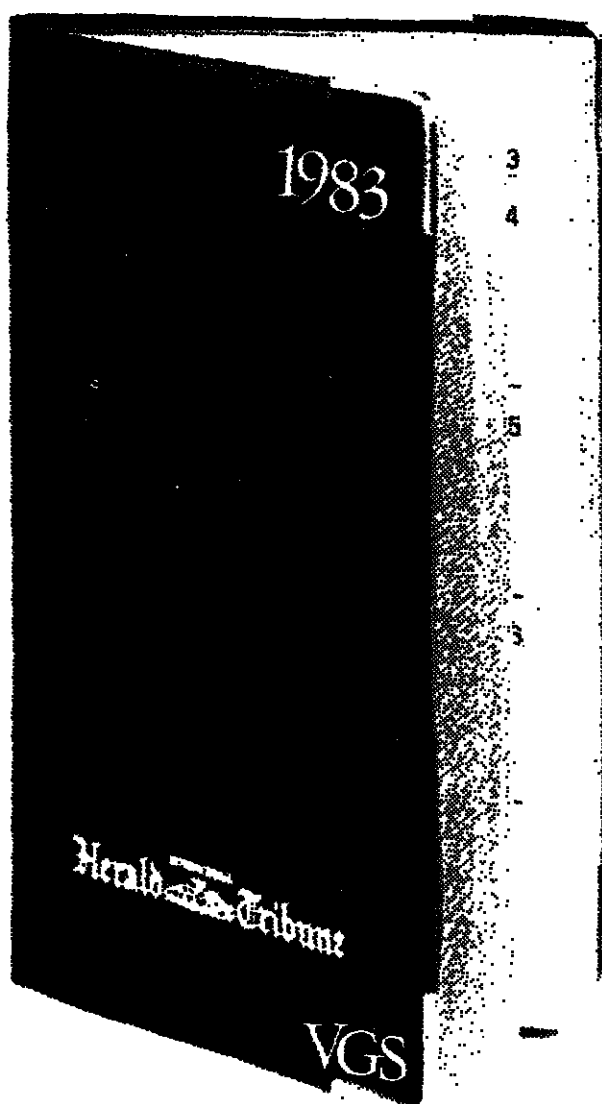
that the 20 to 23 Vietnamese divisions in Cambodia in 1980 — each with 7,000 to 10,000 men — are down to between 14 and 17 this year, but that this does not necessarily mean Vietnamese strength has been depleted.

The reduction could mean that internal security has improved in Cambodia, and that the troops have organized local citizens to be their carriers and movers, thereby freeing the soldiers for fighting, one source said.

Nguyen Co Thach, Vietnam's foreign minister, stressed in Bangkok in November that Hanoi had no "hot pursuit" policy that would cause fighting between guerrillas and Vietnamese troops to spread into Thailand.

Hanoi reacted angrily this week to Chinese predictions of a Vietnamese offensive in the coming dry months.

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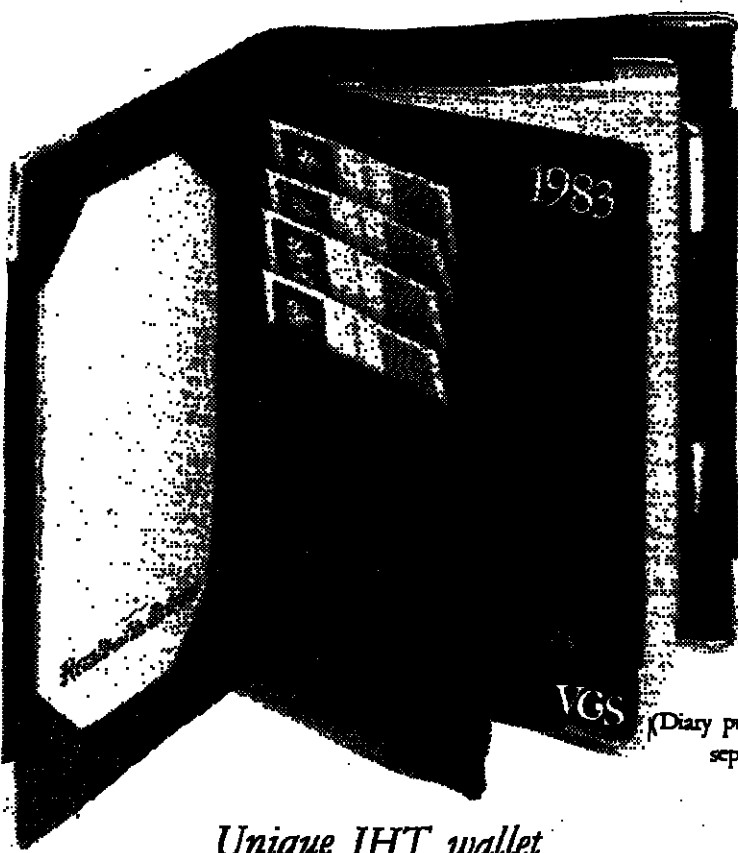


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Himalayan Villagers Fight for Their Trees

By Tyler Marshall
Los Angeles Times Service

NEW DELHI — The confrontation at Gopeshwar settlement seemed depressingly familiar to the villagers in India's Himalayan foothills.

Loggers armed with axes and chain saws and a questionable government permit were preparing to cut down still more trees in the ash forest on which the villagers rely in so many ways.

Frightened but angry, too, the villagers rushed into the forest and threw their arms around the trees that had been marked for the loggers' blades.

It worked, and the villagers not only saved their trees but touched off one of the most successful grassroots environmental movements in the world, attracting international attention to the indiscriminate timbering that threatens the ecosystem of the lower Himalayas.

The movement is called Chipko, which is a Hindi word meaning "to hug" and its rallying cry is, "Hug a tree, save a forest." It has no office and little organization, yet it flourishes, and its message has been heard in distant places.

"It has brought awareness of India's deforestation problem to a new level," according to Narain Bakshi, inspector general of forests.

Aside from the movement's publicity-shy principal organizer, Chandi Prasad Bhatt, Chipko's best-known leaders are women, something highly unusual in a society that generally restricts women to family affairs.

In 1974, Gaura Devi organized a phalanx of village women to prevent lumberjacks from entering a forest at Reni, after the village men had been decoyed away to another town. Miss Devi told the logging foreman that he would have to kill her to get at the trees.

The loggers retreated. More recently, the men of another village felt the wrath of their women after word leaked out that they had sold nearby forest land to a commercial potato planter for cash and the promise of a school and a dispensary. By preventing the loggers from moving into the forest, the women got the sale rescinded.

Embarrassed village elders worried about the humiliation, but the women rejoiced. Their daily walk for firewood, already three miles each way, would not be extended.

Such Chipko protests have led the government to ban logging above 3,800 feet (1,150 meters) in the district where the movement is strongest.

Chipko organizers spread their message through environmental conservation camps, traipsing to villages that often require days of climbing to reach.

There is little actual tree-hugging anymore. The Chipko effort now concentrates largely on regenerating land left barren by decades of indiscriminate logging.

Accident Kills 29 in Brazil

UNITED PRESS INTERNATIONAL
NATAL, Brazil — At least 29 persons were killed and 80 injured Monday when a high tension wire fell on a crowd watching rescuers pull victims from a truck that crashed into a pylon in Igapo, an industrial suburb of Natal.

In the past three years, Chipko activists have carried out what one environmental expert called the largest completely volunteer reforestation campaign anywhere, planting more than a million saplings in the Chimoli District hills.

Studies conducted by the Indian Institute of Science showed survival rates of trees planted by Chipko volunteers as high as 79 percent, double that of government programs.

"What they are doing is rare," said Anil Agarwal, director of the Center for Science and Environment, a New Delhi research organization with UN backing. "It is a people's movement and the results show the involvement."

In the past three decades India has lost 17,000 square miles (44,200 square kilometers) of forest, according to official figures. Unofficial estimates run up to 10 times that.

"I couldn't conceive of the Himalayas without trees, but we drove for hour after hour without seeing a single one," Kamla Chowdhry, a former Ford Foundation consultant and environmental activist, said after a trip into the foothills last year.

In a nation where firewood is still the preferred domestic cooking fuel, even in many urban areas, the precipitous decline of forested acreage and the increasing population have raised concern among development officials about a possible "firewood famine."

A UN Food and Agriculture Organization report predicted recently that in the year 2000 India would be self-sufficient in food but would lack the firewood to cook it.

The Indian government in recent years has enacted legislation to protect its remaining woodlands and has embarked on an accelerated reforestation program.

U.K. Government Backs Citizenship For Falklanders

THE ASSOCIATED PRESS
LONDON — The British government has pledged its support for a move to give full British citizenship to all Falkland Islanders.

Lord Elton, a junior minister in the Home Office, said in the House of Lords that the government would not oppose a bill to extend British citizenship to the 1,800 residents of the islands.

But he warned that the special case of the Falklands must not lead to similar concessions for other dependent territories. Sponsored by Baroness Vickers, the bill would amend the Nationality Act due to take effect Jan. 1.

Under the original act, designed to reduce immigration into Britain, about 400 of the islanders would have lost their British citizenship because their grandparents, although British, were not born in Britain.

The amended bill would give the British people of the Falklands the right to enter and work in Britain without restriction. A similar proposal last year, opposed by the government, failed in the House of Lords by one vote. Citizens of Gibraltar would be granted the same rights under the act, but Hong Kong is excluded.

INSIGHTS

As Departure Rumors Swirl Again, Stockman Is Busy at Calculator

By Steven R. Weisman

New York Times Service

WASHINGTON — A few weeks ago, David A. Stockman celebrated his 36th birthday with a staff party. It was Nov. 10 — coincidentally, the first anniversary of the appearance of "The Education of David Stockman" in The Atlantic Monthly. To celebrate, one of Mr. Stockman's aides wrote and read this poem and called it "Ode to the Washington Rumor Mill":

By Christmas, he'll sure disappear.

Well then, after the budget

it's clear!

By July, it's big bucks

In New York, but oh stocks,

That damn David Stockman's

still here!

Mr. Stockman's staff at the Office of Management and Budget is fiercely loyal and protective and has long laughed off the rumors of his imminent departure that have been part of Washington life since The Atlantic Monthly article sent the budget director, with his head hung low, into President Ronald Reagan's "woodshed."

Perhaps because of such support, but more likely because of his mastery of the federal bureaucracy, Mr. Stockman has survived in Washington. And for the third year in a row he is at center stage, happily crunching budget numbers and helping define the spending and tax policies of the government. But this time things are different.

Two years ago, when taking over at the budget office, Mr. Stockman was the bachelor underdog of President-elect Reagan's economic team, the only top functionary who could translate Mr. Reagan's campaign slogans into government policies to reduce the size of government.

Today, the budget director — already damaged by his highly indiscreet remarks in The Atlantic Monthly that he had, in effect, lost faith in the administration's economic policies — is plagued by enemies inside and outside the administration and a new round of gossip that he will be asked to resign, perhaps soon. His problems are compounded by the fact that the administration faces a record deficit next year approaching \$200 billion, and a platter of nothing but distasteful alternatives to reduce it.

'Baggage Becomes Expendable'

Senior administration officials acknowledge privately that they can foresee a possible "scenario" in which Mr. Stockman would leave early next year if Mr. Reagan's 1984 budget, to be submitted in January, is rejected and rewritten in Congress. Others suggest he might resign as the program approaches the 1984 election campaign. "There comes a time when baggage becomes expendable," a Reagan aide said.

But for the time being, senior White House officials said in interviews that Mr. Stockman's tenure seemed secure. And they agreed that he has become a more subdued, chastened and perhaps even humbled practitioner of the fiscal arts. He still puts in long days, but Mr. Stockman has found time to make plans to marry in February. His fiancée is Jennifer Blei,



David A. Stockman

a sales executive for the IBM Corporation. Certainly, Mr. Stockman has also done his utmost to stay out of the public eye; he declined to be interviewed for this article.

"It is still hard to see David Stockman's job being performed by anybody else," said a member of Mr. Reagan's inner circle. "But there is no question that Dave is more of a team player than he was a year ago. He is starting to understand some of his limitations in dealing with Congress, for instance."

Such skepticism about his pronouncements no doubt troubles Mr. Stockman, for whom the importance of being accurate extends far beyond the OMB and Congressional hearing rooms. At a party a year ago, at which Stockman gathered with a group of friends caught up in celebrating the president's Congressional victories, someone suggested playing the game "Pin the Tail on the Donkey."

One by one, those at the party put on blindfolds to make his or her try. When it came to Mr. Stockman, he marched to the donkey and scored a direct hit with the donkey's tail. It seemed the budget director had memorized the chart while nobody was looking and simply measured his target out with his fingers. A roar of protest and laughter ensued.

Comments Infuriated Reagan

Stories like these make Mr. Stockman one of the more talked-about members of the Reagan administration. He is a man, after all, who came within a hair of being dismissed by a furious president because of The Atlantic Monthly article. He did in fact offer his resignation. Most of the president's aides, including Edwin Meese 3d and Michael K. Deaver, felt he should have been let go.

To his associates, Mr. Stockman is still the same workaholic as before. He lives in almost exclusive fashion in a large, modern apartment building on Cathedral Avenue in northwest Washington and is at his desk in the Executive Office Building every day before dawn.

In late August, he took his first vacation in years, on an undisclosed island in the Caribbean, where he managed to play tennis and pore through some recent political books, such as Kevin Phillips' "Post-Conservative America." Friends swear that he does, indeed, plan to have a honeymoon in February.

At right now Mr. Stockman, with budget in hand, is getting ready to do battle on Capitol Hill, where his relations have always been the key to his success — and to his problems. Such quotations in The Atlantic Monthly as "None of us really understands what's going on with all these numbers" were seen as causing nearly permanent damage to the administration's credibility among some members of Congress.

Many Battles With Lawmakers

But Mr. Stockman's battle scars come less from his publicized "confession" than from his role in bitter fights with the lawmakers. Take these items, for example:

At the urging of Mr. Stockman, Mr. Reagan forced a showdown with Congress in November 1981 over a \$3-billion dispute on a budget resolution. Even the president's Republican allies appealed to Mr. Reagan to sign the resolution. But the president vetoed it, shutting government operations down for a day. The congressmen blamed Mr. Stockman for mistating the nature of the problem to Mr. Reagan.

In September, another veto battle occurred, this one over a supplemental appropriations bill that Mr. Reagan had called a "budget buster." In fact, as Senator Mark O. Hatfield, the Oregon Republican who is chairman of the Appropriations Committee, pointed out, the measure exceeded Mr. Reagan's domestic spending cuts by \$1 billion but made up for

that by cutting \$2 billion in military spending. Mr. Reagan lost that battle, and congressmen after congressmen blamed Mr. Stockman for bringing about the fight.

Now Mr. Stockman is engaged in yet another battle with the Senate Appropriations Committee, this time over new veto threats from the budget director. Mr. Stockman says Congress is exceeding some appropriations

Stockman's battle scars come less from his publicized 'confession' than from his role in bitter fights with the lawmakers. But his tangles with Capitol Hill make up only part of his problems. They are compounded by the fact that the administration faces a record deficit next year approaching \$200 billion, and a platter of distasteful alternatives to reduce it.

ceilings established earlier in the year. Mr. Hatfield maintains that Mr. Stockman cares less about overspending than about trying to force administration priorities on Congress.

"There is no question of the man's technical ability and his intellect," said a top congressional aide involved in the budget process. "But I think he can be characterized as slippery in some of his scorekeeping."

Along with many others, this official said that Mr. Stockman used to be able to win budget battles with Congress almost automatically by sheer force of his mastery of the numbers. With his pocket calculator, Mr. Stockman used to be able to rattle off figures and declare flatly that this or that spending measure was over budget.

"I don't think he can do that anymore," said a congressional aide. "At least, I hope not."

But the budget director's tangles with Capitol Hill make up only one part of his problems. He also seems to have had more than his share of internal disputes with administration colleagues.

In early 1981, Mr. Stockman angered and upset James A. Baker 3d, the White House

chief of staff, by persuading top presidential aides — and eventually the president himself — that the administration had to embrace immediate cuts in Social Security benefits.

Political Fiasco Seen

Rejection of those cuts in Congress are seen in retrospect as one of the administration's biggest political fiascos. To this day, several top officials expressed frustration in interviews that Mr. Stockman was still trying to use the Social Security financing crisis as an excuse to achieve savings for the budget in general.

After Mr. Reagan's economic program was enacted in mid-1981, it was Mr. Stockman who led an internal battle to take additional steps to reduce the federal deficit.

First, he tried to persuade the president to cut back on the projected growth in military spending. Last winter, he tried to persuade the president to accept a series of excise tax increases. He won support among top members of the White House staff, but his proposals were rejected by Mr. Reagan, and Mr. Stockman's credibility suffered as a result.

Recently, Mr. Stockman was on the other side of a tax battle. In that fight, Transportation Secretary Drew Lewis proposed and won a 5-cent-a-gallon gasoline tax to help finance improvements in the nation's highways, bridges and transit systems.

The budget director opposed it, even though he had embraced a gasoline tax the year before, leaving other administration members bitter.

But Mr. Stockman's main problems come from the natural conflict that he is in.

Between Two Camps

On the one hand are the men around Mr. Reagan who regard themselves as budget "realists." Led by Mr. Baker, the White House chief of staff, this camp is said to include Kenneth M. Duerstene, the White House congressional liaison, and Richard G. Darman, deputy to the chief of staff and a specialist in policy and legislative matters.

This camp is known to share the concern in Congress over high deficits and to believe that Mr. Reagan will inevitably have to accommodate those calling for defense spending cutbacks and tax increases.

In the other camp is Treasury Secretary Donald T. Regan, who opposes tax increases and even favors speeding up the next round of the tax cut, which is due to take effect July 1. Mr. Regan is known to feel that Mr. Stockman has flirted too often with the idea of tax increases because of an excessive concern over budget deficits.

As seen by his defenders, Mr. Stockman is caught in a vise: On one side, Republican congressional leaders have informed the president that there can be no more cuts in domestic programs next year. On the other are Mr. Reagan and his allies, saying that there can be no compromise in the pursuit of such cuts.

"I think Dave's in both schools," said an associate of Mr. Stockman. "He definitely has a streak of realism in him. He knows how much he won't be able to get Congress to cut next year. But he believes some reductions are worthwhile on the merits, even if you don't think they're going to happen."

Kenya's Voice Relief at Coup Failure

But Deepening Economic Woes Bring Fears of Reduced Crop Subsidies

By Leon Dash

Washington Post Service

KILIBWONI, Kenya — A numbing dread through both men when the first sketchy radio reports reached here of the Kenyan Air Force's Aug. 1 coup attempt, bloody but eventually crushed, in distant Nairobi.

Their first thoughts were of the death, turbulence and destruction that racked neighboring Uganda after Idi Amin came to power in an army coup in 1971. The trouble has continued to a certain extent up to today, more than three years after the brutal dictator's downfall.

In scenes undoubtedly duplicated throughout rural Kenya that day, Julius Chebelai and Cleophas Arap Moro, with small groups of their neighbors, remained close by their radios. All of them knew that the outcome of events in the capital would determine the future course of their lives.

No matter how weak Kenya's economy was becoming, none of these conservative small farmers wanted to see arbitrary gun-rule, the tattered results of which are evident in many African countries, nor a switch to the rigid dogma of socialized farming that has produced little, in black Africa at least, beyond declining standards of living.

President Daniel Arap Moi finally came on the Voice of Kenya radio to announce that the rebel forces had been defeated and his government was back in control. The people of Kilibwoni celebrated.

'Very Afraid' of Coup

Before the president's broadcast "I had been very afraid," Julius recalled. "If the military had taken over we would have been alive, insecure, led by the gun, unable to move freely. Our farm production would have fallen, because a military government would not have responded to us like a civilian government."

"Until I heard Moi's voice, I was numb," Cleophas remembered. "I saw everything that I had worked for, to build up on my farm, destroyed overnight."

Three months after Kenya's army crushed the coup by the now-disbanded Air Force's junior officers and privates, life around Kilibwoni has returned to the normal, mundane rhythms of picking tea leaves from waist-high bushes, milking the dairy herds and carefully watching for the day the acres of corn have fully ripened, signaling the start of a year-end harvest that promises to be a national bumper crop this year.

I lived in Kilibwoni in 1969 and 1970 as a Peace Corps volunteer teaching high school and returned here recently to see what progress had been made in the intervening years and to hear from friends how they were affected by the aborted coup.

I found confidence strong among the farmers that their government could put the events of August behind it. Like American farmers, they were more concerned about government price supports for their farm produce than about signs of political unrest in such places as Nairobi, 184 miles (295 kilometers) southeast of here, or, for that matter, about economic complaints of the leftist rebels that were briefly broadcast over the Voice of Kenya before the radio station was recaptured by the army.

Linked to Economic Malaise

But therein lies Kenya's future crucible. However unclear the political bent of the coup attempt's two leaders, who escaped to asylum in Tanzania, the attempt was not unconnected to Kenya's growing economic malaise.

Kenya's economy has been hit hard by fall-

ing prices for its agricultural exports, rising oil import costs, economic mismanagement, an increasingly inert government bureaucracy and high-level corruption. The income gap between the urban elite and the underclass continues to widen, a development that bodes ill for the once-legendary tranquility of pre-coup Nairobi.

In a blunt speech to the nation in late October, President Moi told his 18 million countrymen — 85 percent of whom live in the countryside — that his government was embarking on a campaign of austerity and bureaucratic reform to combat the economic decline.

"Many difficulties have arisen from continuing global recession and inflation, sparked off originally by huge increases in the price of oil and worsened then by the reluctance of the industrialized nations to subscribe to a more equitable international economic order and development strategy," President Moi said. "This

RETURN TO KILIBWONI

Third of three articles.

whole global situation has been a major factor in slowing down the pace of our country's progress."

For most of its 19 years of independence, Kenya has been a paragon of African political stability and economic development, its prosperity built mainly on the cash incentives the government has been able to give most of its 1.7 million small farmers. Small farmers cultivate 40 percent of Kenya's tea and 64 percent of its coffee exports, its two major export crops. But since the late 1970s, tea prices have fallen 30 percent and coffee prices 37 percent.

Foreign Reserves Declining

The big question for Kenya's future is whether the nation can continue high payments to these farmers — who with their families number an estimated 13 million people — while suffering sharp declines in earnings. International Monetary Fund figures show that the drop in prices for exports has caused a steady decline in vital foreign exchange reserve levels, from an average high of \$470 million in 1979 down to \$179 million in October, enough for less than one month's imports.

Kenya is notably lacking in mineral resources, and its industries, squeezed by the lessening availability of foreign exchange, have slowed production and laid off growing numbers of urban workers in an economy plagued by an average annual inflation rate of 25 percent. Kenya's balance-of-payments deficit grew from \$39 million in 1970 to \$985 million in 1980, a burden it must support with a relatively small economy.

Through all of this, Kenya has been able to keep price supports to farmers high enough to remain one of the few African countries able to feed itself — with a major exception several years ago. That ability, which is now endangered, has saved huge sums of foreign exchange on food imports but has cost the government heavily in subsidies to keep food prices low for the 15 percent who are urban dwellers.

One group of Nairobi-based agronomists and economists believes that Kenya will soon not be able to support all three of its major areas of economic activity — cash crops, food staples and small industries. The first area likely to suffer, they say, is domestic food crop production. The financially strapped government will be forced to reduce price subsidies to

farmers, they predict, despite the sharply rising costs of petroleum-based fertilizers essential for growing profitable amounts of corn.

After cutting subsidies, these experts believe, the government will not allow the price of such a widely eaten staple as corn to rise to its free-market value for fear of unleashing urban unrest of the type that has caused considerable political problems for many African governments in recent years.

Urban Society 'Volatile'

"Because Kenya has done so well over the years, the dissatisfaction level among Kenyans is much lower than many other African countries," said one observer, who insisted on anonymity. "Kenyan urban society, particularly Nairobi, is more volatile because of that."

Two of Kilibwoni's successful farmers, both personal friends, have had different experiences that illustrate Kenya's present farming crunch.

Richard Arap Mwesi said rising costs for local labor and fertilizers have reduced his profit from a high of \$71 an acre of corn in 1969 to a hoped-for \$17 maximum at the end of this year's harvest next month. "The labor costs don't go up as quickly, but if fertilizers continue to climb and the government price [\$12 a bag] stays the same, it won't pay for me to grow more than my family can eat next season," Richard said.

If many other farmers feel as he does, and if the government does not raise the price, there could be a drastic shortfall in corn production, 40 percent of which is grown by small farmers. One ominous sign is Kenya's failure to pay growers of a plant used as an insecticide since November 1981. President Moi publicly apologized to the farmers last month for the non-payment.

A second group of agronomists and economists directly involved in rural development projects in Kenya said that Richard's average per-acre production of 15 bags of corn can easily be increased at no extra cost up to 40 bags with simple updating of planting techniques.

More Could Be Earned

"Small farmer production potential has not been anywhere near met in Kenya yet," said a World Bank agricultural development official. "With just a closer spacing of plants and different times for fertilizer application, farmers could be earning a great deal more than they are."

Still, just saying the new techniques will increase production does not make it so, said a farmer who has tried them, my friend Cleophas Arap Moro. Following the experts' instructions last year, he planted a small experimental portion of his crop by spacing the seeds close together and planting at a shallow depth.

At night, field rats followed the rows of shallow-planted seeds and ate a considerable number, Cleophas said. Later, the winds of one of the thunderstorms of Kenya's "long rains" period uprooted the remainder of the shallowly planted corn. The bulk of his crop that had been planted using the older methods escaped the rats and was not uprooted.

"They haven't perfected all the techniques yet so it is too early for us to rely on them," Cleophas said, laughing. "Imagine what would have happened if I had planted my entire crop using the new techniques. They will eventually figure out how to increase our production, but more work has to be done."



Cleophas Arap Moro with his wife, Viola, and their six children.

Rural Kenya Wary of Birth Control

KILIBWONI, Kenya — Nandi greetings involve long, ritualized questions and responses about the health of children, cattle, farm and home before coming back to a detailed discussion about a major rationale for adult life — children. Lots of them.

The Nandi are not unique in Africa for their love of large families. Most African countries are still plagued by rudimentary health services that contribute to high rates of infant mortality, so children are precious. In some societies, they are not weaned until they are 3 and left to be out of danger. Couples plan on having many children to assure that some of them live.

Kenya, however, has been exceptionally successful in reducing the death rate of children in their first year of life by 25 percent in the past decade, down to 80 deaths per 1,000 births, one of the lowest mortality figures in Africa.

But therein lies a potentially explosive problem. The tradition of having large families persists, and with more babies surviving, Kenya's annual population growth rate of 4.1 percent is one of the highest in the world. It threatens eventually to outstrip the nation's economic resources.

The short-term ramifications, a doubling of its population by the 1990s, have frightened the Kenyan government. President Daniel Arap Moi rarely allows an opportunity to pass without raising a very unpopular subject — birth control, or family planning, as it is called in Kenya. Officially, the population has grown from the 15.3 million counted in 1979 to 17.2 million, but population experts say the real figure is nearer 18 million.

"Nandi customs have nothing to do with this Western business about family planning," David said, eyes flashing angrily. "Family planning medicine is dangerous." He said he personally knew of women who had died or become seriously ill by intrauterine devices or oral contraceptives.

David's attitude toward family planning is not uncommon in the Kenyan countryside, where birth control has met the strongest resistance and where 85 percent of the popula-

tion lives. Years ago economics forced working-class and middle-class urban couples to reduce their families to two or three children. Nairobi has a low birthrate growth of 2 percent annually.

Still, the economic structures on large families are beginning to be felt in the countryside, a point indirectly acknowledged by Agnes Ronoh and one that friends in Kilibwoni with growing incomes said was their main reason for using family planning.

Only 20 percent of Kenya, the highlands, is fertile, arable soil. Overcrowding already has pushed families onto the fragile, marginal border soils that rapidly deteriorate into wastelands after one or two growing seasons. With approximately 250,000 youths leaving school each year and a slowdown in the economy, Kenya is facing the increasing problem of what to do with idle, unemployed youths. Fifty percent of the population is under the age of 15.

Some leading members of the government have grown vociferous about the rejection of family planning by large numbers of Kenyans. A couple of years ago, the dapper, blunt-spoken Charles Njonjo, minister of constitutional affairs, sparked a heated parliamentary debate by declaring that Kenyans should stop "breeding like rabbits." Last month, Mr. Njonjo raised a smaller storm by suggesting that Kenyan couples follow his example and limit themselves to three children.

In a nationwide speech late last month, President Moi said that "as long as human numbers here continue to increase at the present alarming rate, growing economic problems with their social consequences are quite inevitable." For the sake of "future generations and the nation in general," Mr. Moi said, "we must somehow bring down the rate of increase in our population to a figure which we can support."

The National Council on Population and Development, financed with \$11.5 million from Kenya, the United States and Britain, plus the World Bank and the United Nations, has recently been created under Vice President Mwai Kibaki. The council's first task is to tackle the widespread misinforma-

tion about the side effects of birth control methods.

Ironically, Kenya finds itself in this predicament because its rural health care, maternity clinics, educational programs on nutrition and healthy, temperate highland climate have all combined to reduce infant mortality. "People are not having that many more children, but more children are surviving," said a Nairobi-based population expert who declined to be identified by name.

Kilibwoni's health center, with a new maternity wing, two nurses and a paramedic, is an example of the type of health care common in rural Kenya but still rare in many parts of Africa.

My friends from Peace Corps days, Richard Arap Mwesi and Cleophas Arap Moro, first surprised me with the size of their families and then by telling me that they have now decided to have no more children.

Richard, 36, and his wife, Priscilla, 30, have seven children. The oldest is 14 and the youngest is 4 months old.

"We are agreeing with this family planning because high school fees are \$200 to \$400 a year," Richard said.

What about the Nandi traditions of husbands with several wives and measuring wealth in cattle and children that he had taught me so much about as part of my folklore lessons?

"That is history," Richard said, laughing. He added soberly, "Our customs won't feed these children and we'll have troubles if we don't stop. Priscilla has agreed to take the pill."

Cleophas, 40, and Viola, 35, have six children ranging in age from 15 to 4.

"You can understand why I'm regretting that I didn't start this family planning earlier," Cleophas said. But they had been slow about it because "we heard this medicine was no good and could hurt Viola. We're still not sure about it."

"Around here, a few only have begun," he said. "Many refuse, but they are usually younger than us. People in their late 30s and early 40s have begun family planning especially when they become aware of the future costs of living."

—LEON DASH

ARTS/LEISURE

Sales of Cassettes Overtaking Records

By Hans Fintel

New York Times Service

NEW YORK — Some historic moments happen quietly, almost unnoticed. A change of this kind now seems to be happening in music. After nearly a century of undisputed dominance, the traditional phonograph is yielding to the challenge of cassettes.

This conclusion has been reached by the RIAA (Recording Industries Association of America), the official scorekeeper of the recording business. According to its figures, the sales of prerecorded cassettes reached parity with disk sales last summer in the United States. By the year's end, cassettes will have surpassed disks for the first time. Only last year the ratio was 5 to 3 in favor of disks.

Conceived as a dictating device in the '60s, the cassette was not expected even by its Dutch inventors to develop any musical talents. Yet by constant technical improvement, cassettes reached a condition of musical adequacy within a decade of their debut. By still further painstaking and incremental progress the cassette finally attained sonic equality with disks.

Not everyone applauds. The recording companies which launched the campaign for prerecorded cassettes are ambivalent about its success. Booming cassette sales out into their long-established disk operations, most of which are already fully amortized in terms of capital investment in manufacturing plants and therefore yield higher financial returns. By contrast new manufacturing facilities are needed to meet the demand for prerecorded cassettes and to keep abreast of the rapidly advancing technology. This involves new capital outlay at a time of high credit costs and in an uncertain economy. The cassette explosion is therefore regarded as a somewhat mixed blessing. Still, prevailing management attitudes are realistic, and almost every major release nowadays, both popular and classical, is being issued both in disk and cassette format.

The most important single impetus came in 1979 when Sony introduced its Walkman, since initiated by so many others that the name has become virtually generic. The Walkman marked the first practical combination of portability and fidelity. At about the same time, cassettes

almost totally supplanted the older and technically inferior 8-track cartridge player in cars. Coinciding with these two developments was the dramatic improvement in the total quality of cassettes, putting them on par with all but the best disk recordings. Consequently, the cassette became acceptable for home listening even for the sonically fastidious segment of the audience.

At home, in the car, or on foot — the cassette emerged as the only format to fit all three situations.

A new purchasing pattern arose. Earlier, a serious audiophile would buy an LP for home listening and then make his own cassette copy for car stereo or Walkman. Or he would buy a prerecorded cassette for mobile use in addition to the home-based LP. Today, the sound quality of the better prerecorded cassettes is such that even tonally demanding listeners no longer feel the need for a supplemental disk.

Partly responsible for the cassette's recent inroads upon the quality market is the recent policy on the part of record companies to use premium-grade tape at least for their classical cassette releases. RCA, Red Seal and CBS Masterworks have joined such European labels as London, DG, and Philips in switching to chrome or chrome-equivalent tapes yielding wider frequency range and quieter background. Even though there still is a certain degree of variability in the quality of prerecorded tapes from these companies, the sound of these cassettes comes surprisingly close to that of the average record.

Improved sound on cassettes also seems to be spreading to the pop field. A & M has just released the first standard-price pop cassette — an album by "Supertramp" on BASF chrome tape, widely regarded as perhaps the best tape of its kind.

Virtually all companies have abandoned the surcharge formerly placed on cassette releases. Going beyond this, several companies now offer so-called double-play cassettes with up to 90 minutes of music, each containing the equivalent of two complete LPs. At a price little if any higher than that of an ordinary cassette, this represents excellent value in comparison to the corresponding disks.

Many companies have also ventured into so-

called bargain cassettes. RCA recently launched its "Victrola" series — a name charmingly anachronistic for a line of cassettes — featuring nearly 50 titles from RCA's formidable classical backlist and giving new currency to faded performances by such legends as Fritz Reiner and Charles Munch. Of course these bargain issues employ standard ferric tape rather than chrome or other high-grade formulations. Even so, technically more lenient listeners will find the result altogether satisfying.

The perfectionist fringe of the audience is served by a small group of specialized firms going to great lengths to attain the utmost in sonic refinement. One of these companies, In-Sync Laboratories, was the first to develop methods for maximizing the tonal potency of prerecorded cassettes. It has since been joined by such elite labels as Desmar, Mobile Fidelity and AAG (American Artists Group).

These premium prerecorded cassettes owe their astounding sound not only to the use of the finest tape formulations (such as BASF chrome and TDK-SA-X) but also to special duplicating techniques that impress the music on the tape in "real time." This means that the duplicator on which the cassette is made takes an hour's worth of time to run off an hour's worth of music — eschewing the far more economical and commonly used high-speed method which yields an hour-long tape program in about 30 seconds. The more painstaking production method yields audible benefits to listeners whose playback equipment is sensitive to ultimate nuances.

None of this implies that ordinary records are about to disappear. After all, there are an estimated 80 million turntables spinning in the United States alone, clamoring for music on a platter. What's more, hard-bitten hi-fi fans, insistent on the last dollop of musical dynamics and extended frequency range, will remain loyal to vinyl at least until the all-digital laser disk makes its promised appearance.

Yet it is evident from even a cursory survey that cassettes have extended their appeal to customers of all sorts, including those who like to slip the little boxes into their pocket and just walk off with them. Dealers consider this the one dim spot in an otherwise bright picture.

'Camelot' Dimmed, and O'Toole the Shawful

By Sheridan Morley

International Herald Tribune

LONDON — If the moribund West End theater is remarkable for anything this Christmas, it will be for the number of dehydrated old movie stars returning from Hollywood exile to get spectacularly over the top in rusting vehicles that probably saw service in the Dardanelles. At this rate we'll have Stewart Granger in "The Prisoner of Zenda" at the National by Easter and Greer Garson in the musical of "Mrs. Miniver" by midsummer.

Meanwhile there is Richard Harris on the last leg of his long

THEATER IN ENGLAND

trans-Atlantic bus-and-truck tour of "Camelot," making a final stop-over at the Apollo Victoria, where an English company has been respectfully ground around him by Michael Rudman.

"Camelot" has always been something of a curiosity: The best score and the worst book that Lerner and Loewe ever wrote, it has been resolutely loathed by critics and loved by audiences (not least the Kennedy family who made its title song the anthem for an entire presidency) for 20 years, and it comes up now looking like the last of the great pantomimes on a set by Desmond Heeley that appears to have been not so much built as iced.

What we have here is, in Noel Coward's celebrated review, "Parasol" without the jokes, and Rudman has rightly organized it as a series of marathon pan-to-walk-downs in which the company is encouraged not to bump into the furniture or their leading man, especially when he is waving Excalibur about with reckless abandon. It is arguable that Excalibur gives the least wooden performance in the show, and it's a pity that Harris seems (possibly as a result of a nervous first night which at one point



Peter O'Toole: Eyeball to eyeball with Shaw.

had him crawling on all fours beneath the curtain to escape the audience at the interval) to have forgotten some of the superlative phrasing of the lyrics that he managed in the great 1967 Josh Logan film version.

It is also unfortunate that Lancelot (Robert Meadmore) has been encouraged to wear a frizzy wig strongly reminiscent of Hermione Gingold, and that Guinevere (Fiona Fullerton) looks more like Harris's daughter than his wife.

Still there is a superlative comic turn from Robin Bailey as Pellinore and, as the gentleman behind me said on the way out, it does make such a nice change from going to the theater.

The much-advertised recall of another screen star, Peter O'Toole, to stage legitimacy has all but obliterated the most interesting aspect of his performance in "Man and Superman" at the Theatre Royal

Haymarket. What O'Toole makes here is a bizarre return to the barnstorming, eye-rolling, stellar flamboyance that may well have been a feature of touring actor-management in his Irish youth. Michael MacLiammoir and Donald Wolfit would have been the first to recognize what is going on at the Haymarket.

In a desperately slow and deadly dull production by Patrick Doolan, surrounded by a cast ranging from the ponderously adequate to the barely employable (the two exceptions being the dour Michael Byrne as Shaw's "new man" and the splendid Joyce Carey as the mother O'Toole goes flamboyantly into an entire deep-freeze full of ham, taking most of the play with him. Those who saw the supremely intelligent National Theatre revival of this sexist debate last year will have trouble recognizing in this Edwardian shambles the same basic text, but despite evident trouble with his vocal cords, his stage does turn in a remarkably manneristic if doty central performance, which suggests that the sooner O'Toole starts touring as Higgins in the ice-rink version of "My Fair Lady" the better for us all.

"After the Lions" (Michael Elliott's new production for the Manchester Royal Exchange) is after "The Dresser," the second of Ronald Harwood's "plays theatrical," and it concerns a few months in the life of Sarah Bernhardt when, in 1914 at the age of 70, she had her left leg amputated by a military surgeon near Bordeaux and spent an irritable convalescence considering whether or not to tour the United States as the star attraction in a circus — after the lions of the title.

It is no fault of the great Dorothy Tutin that she is here unable to suggest any of the greatness of Bernhardt: With the anachronistic dialogue she has been given in this undigested hunk of backstage biography, it would have been hard enough to suggest an old character lady in some regional rep worrying about the loss of a job, alone in the world's greatest actress coming to terms with a sudden availability for Long John Silver. But what makes "After the Lions" such a massively disappointing and depressing successor to "The Dresser" is that Harwood falls into every one of the glib backstage clichés he so triumphantly avoided in the earlier play.

And talking of backstage drama, to celebrate the reopening of the beautifully restored Theatre Royal in Bath, a strong cast led by Annette Crosbie and Bryan Forbes and featuring Emylv Williams and Georgina Hale among many others put together a one-night-only world premiere of Noel Coward's last play, "Star Quality." Adapted from one of his own short stories, it is a script on which he would probably have wished to do a little more work. But in an agile production by Forbes, it offered an unusual and intriguing glimpse of Coward's theatrical philosophy, and I suspect that this may not be the last we hear of it.

Book on Falklands Gets Camouflaged Binding

The Associated Press

LONDON — Two pairs of army camouflage pants, sent to the Falkland Islands during the war with Argentina, are going into the binding of a book about the conflict.

The pants were brought back from the Falklands by Linda Kison, commissioned by the Imperial War Museum to record the war. The publishers, Mitchell Beazley, said they are using the pants for the spines of 1,000 special editions of the book, "The Falklands War — A Visual Diary."

Welsh Gets a Prime-Time Boost

By Peter Osnos

Washington Post Service

CARDIFF, Wales — After a campaign of sabotage and civil disorder two years ago that included a threatened fast until death by a leading politician, Wales has gotten the dream of local nationalists — a television station all its own, Sianel Pedwar Cymru or Channel 4 Wales, also known as S4C.

In the razzle-dazzle, big-money game of international broadcasting, it is a fair bet that the appearance of S4C in this picturesque corner of the globe did not cause much of a stir at the station does represent an important video venture for Britain: an effort to sustain an ancient, and now endangered, language by giving it the powerful boost of a prime-time television outlet.

As its managers see it, S4C is a major network in miniature. For an average of 22 hours a week, it is showing specially produced Welsh-language programming that will be original material commissioned and produced locally and starring Welsh performers. The rest of its programs will be in English, taken from Channel 4, a new commercial service that also started throughout the country recently.

The Welsh programs are broadcast from about 6:30 to 9:30 P.M. There are soap operas, adventure dramas, situation comedies, cartoons, sports, music, public affairs and a half-hour of news each night. A Welsh-speaking correspondent was dispatched to Washington recently to interpret the U.S. midterm elections.

A start-up budget of \$34 million has been plowed into spiffy offices in Cardiff, state of the art technology, lavish promotion and ambitious programs. The station mascot, a cartoon character named SuperTed (a courageous teddy bear) already is being marketed in dolls, T-shirts and other paraphernalia, with foreign-language rights sold in 30 countries based on previews at television festivals, according to S4C's director, Owen Edwards.

There are even such big-time problems as hefty cost overruns. The producer of a planned 90-minute saga about an aristocratic woman of some period in the past who doubles as leader of a band of highwaymen was fired when the project almost doubled in cost and length. It was salvaged by its author, Dafydd Iwan Williams, who now serves as a two-part series.

What makes all this so unusual is that the potential audience for S4C is tiny by today's standards. A hundred years or so ago, 90 percent of the people in Wales spoke Welsh, a Celtic tongue that was well-

established when English interlopers arrived in the sixth century.

Moreover, Wales is served by the two national British Broadcasting Corp. channels and one commercial channel that are bound to attract the bulk of available audiences with what a Welsh nationalist derisively called their "Anglo-American" programming. At any one time, therefore, there may be no more than 50,000 viewers for S4C's output.

In some areas, there is resentment over the broadcasting of Welsh programs instead of more English ones. A recent survey of subscribers to Rediffusion, a cable company operating in the "Valleys" region of Wales, showed that nearly 90 percent of those who responded favored getting the all-English Channel 4 over S4C. The government ordered Rediffusion to carry S4C anyway.

But to the staff at S4C, the available audience, small as it may be, is an essential base for preserving — and perhaps invigorating — the Welsh language and culture. Public relations officer Ann Beynon, for instance, said that Welsh was her first language at home and as a child she learned English by watching television. "Why shouldn't the process work the other way around?" she asked.

In any case, the impact of the station on Wales will be measured by the government in three years, which poses a formidable challenge to S4C, as Edwards acknowledges.

"Unless our service is seen as relevant and attractive to Welsh speakers, they won't watch," he said. "They certainly won't look at programs just because they are in Welsh, nor should we expect them to."

After the Conservative government of Prime Minister Margaret Thatcher took office in 1979, it reversed an election pledge to give Wales its own channel.

The result was a campaign of sabotage against television transmitters by nationalists. More than a dozen people, including some senior academics, were jailed. Two thousand persons refused to pay their annual television license fee. Then, Gwynfor Evans, president of the Plaid Cymru, the Welsh nationalist party, announced that he would fast until death over the issue.

The government, believing that violence was inevitable if Evans went ahead with his threat, reversed itself and promised that the station could go ahead. "This is the biggest victory we have ever won for the Welsh language," Evans exclaimed. Now with S4C finally on the air, that declaration is being put to the test.

Dow Jones Averages

	Close	Change	High	Low	Open	Close	Change	High	Low	Open
30 Ind.	2,874.12	+1.12	2,874.12	2,874.12	2,874.12	30 Ind.	2,874.12	+1.12	2,874.12	2,874.12
Comp.	1,000.00	+0.00	1,000.00	1,000.00	1,000.00	Comp.	1,000.00	+0.00	1,000.00	1,000.00
Indust.	1,000.00	+0.00	1,000.00	1,000.00	1,000.00	Indust.	1,000.00	+0.00	1,000.00	1,000.00
Transp.	1,000.00	+0.00	1,000.00	1,000.00	1,000.00	Transp.	1,000.00	+0.00	1,000.00	1,000.00

	Close	Change	High	Low	Open	Close	Change	High	Low	Open
30 Ind.	2,874.12	+1.12	2,874.12	2,874.12	2,874.12	30 Ind.	2,874.12	+1.12	2,874.12	2,874.12
Comp.	1,000.00	+0.00	1,000.00	1,000.00	1,000.00	Comp.	1,000.00	+0.00	1,000.00	1,000.00
Indust.	1,000.00	+0.00	1,000.00	1,000.00	1,000.00	Indust.	1,000.00	+0.00	1,000.00	1,000.00
Transp.	1,000.00	+0.00	1,000.00	1,000.00	1,000.00	Transp.	1,000.00	+0.00	1,000.00	1,000.00

	Close	Change	High	Low	Open	Close	Change	High	Low	Open
30 Ind.	2,874.12	+1.12	2,874.12	2,874.12	2,874.12	30 Ind.	2,874.12	+1.12	2,874.12	2,874.12
Comp.	1,000.00	+0.00	1,000.00	1,000.00	1,000.00	Comp.	1,000.00	+0.00	1,000.00	1,000.00
Indust.	1,000.00	+0.00	1,000.00	1,000.00	1,000.00	Indust.	1,000.00	+0.00	1,000.00	1,000.00
Transp.	1,000.00	+0.00	1,000.00	1,000.00	1,000.00	Transp.	1,000.00	+0.00	1,000.00	1,000.00

Market Summary, Nov. 30

Market Diaries

	Close	Change	High	Low	Open	Close	Change	High	Low	Open
30 Ind.	2,874.12	+1.12	2,874.12	2,874.12	2,874.12	30 Ind.	2,874.12	+1.12	2,874.12	2,874.12
Comp.	1,000.00	+0.00	1,000.00	1,000.00	1,000.00	Comp.	1,000.00	+0.00	1,000.00	1,000.00
Indust.	1,000.00	+0.00	1,000.00	1,000.00	1,000.00	Indust.	1,000.00	+0.00	1,000.00	1,000.00
Transp.	1,000.00	+0.00	1,000.00	1,000.00	1,000.00	Transp.	1,000.00	+0.00	1,000.00	1,000.00

	Close	Change	High	Low	Open	Close	Change	High	Low	Open
30 Ind.	2,874.12	+1.12	2,874.12	2,874.12	2,874.12	30 Ind.	2,874.12	+1.12	2,874.12	2,874.12
Comp.	1,000.00	+0.00	1,000.00	1,000.00	1,000.00	Comp.	1,000.00	+0.00	1,000.00	1,000.00
Indust.	1,000.00	+0.00	1,000.00	1,000.00	1,000.00	Indust.	1,000.00	+0.00	1,000.00	1,000.00
Transp.	1,000.00	+0.00	1,000.00	1,000.00	1,000.00	Transp.	1,000.00	+0.00	1,000.00	1,000.00

	Close	Change	High	Low	Open	Close	Change	High	Low	Open
30 Ind.	2,874.12	+1.12	2,874.12	2,874.12	2,874.12	30 Ind.	2,874.12	+1.12	2,874.12	2,874.12
Comp.	1,000.00	+0.00	1,000.00	1,000.00	1,000.00	Comp.	1,000.00	+0.00	1,000.00	1,000.00
Indust.	1,000.00	+0.00	1,000.00	1,000.00	1,000.00	Indust.	1,000.00	+0.00	1,000.00	1,000.00
Transp.	1,000.00	+0.00	1,000.00	1,000.00	1,000.00	Transp.	1,000.00	+0.00	1,000.00	1,000.00

AMEX Stock Index

	Close	Change	High	Low	Open	Close	Change	High	Low	Open
30 Ind.	2,874.12	+1.12	2,874.12	2,874.12	2,874.12	30 Ind.	2,874.12	+1.12	2,874.12	2,874.12
Comp.	1,000.00	+0.00	1,000.00	1,000.00	1,000.00	Comp.	1,000.00	+0.00	1,000.00	1,000.00
Indust.	1,000.00	+0.00	1,000.00	1,000.00	1,000.00	Indust.	1,000.00	+0.00	1,000.00	1,000.00
Transp.	1,000.00	+0.00	1,000.00	1,000.00	1,000.00	Transp.	1,000.00	+0.00	1,000.00	1,000.00

	Close	Change	High	Low	Open	Close	Change	High	Low	Open
30 Ind.	2,874.12	+1.12	2,874.12	2,874.12	2,874.12	30 Ind.	2,874.12	+1.12	2,874.12	2,874.12
Comp.	1,000.00	+0.00	1,000.00	1,000.00	1,000.00	Comp.	1,000.00	+0.00	1,000.00	1,000.00
Indust.	1,000.00	+0.00	1,000.00	1,000.00	1,000.00	Indust.	1,000.00	+0.00	1,000.00	1,000.00
Transp.	1,000.00	+0.00	1,000.00	1,000.00	1,000.00	Transp.	1,000.00	+0.00	1,000.00	1,000.00

	Close	Change	High	Low	Open	Close	Change	High	Low	Open
30 Ind.	2,874.12	+1.12	2,874.12	2,874.12	2,874.12	30 Ind.	2,874.12	+1.12	2,874.12	2,874.12
Comp.	1,000.00	+0.00	1,000.00	1,000.00	1,000.00	Comp.	1,000.00	+0.00	1,000.00	1,000.00
Indust.	1,000.00	+0.00	1,000.00	1,000.00	1,000.00	Indust.	1,000.00	+0.00	1,000.00	1,000.00
Transp.	1,000.00	+0.00	1,000.00	1,000.00	1,000.00	Transp.	1,000.00	+0.00	1,000.00	1,000.00

NYSE Index

	Close	Change	High	Low	Open	Close	Change	High	Low	Open
30 Ind.	2,874.12	+1.12	2,874.12	2,874.12	2,874.12	30 Ind.	2,874.12	+1.12	2,874.12	2,874.12
Comp.	1,000.00	+0.00	1,000.00	1,000.00	1,000.00	Comp.	1,000.00	+0.00	1,000.00	1,000.00
Indust.	1,000.00	+0.00	1,000.00	1,000.00	1,000.00	Indust.	1,000.00	+0.00	1,000.00	1,000.00
Transp.	1,000.00	+0.00	1,000.00	1,000.00	1,000.00	Transp.	1,000.00	+0.00	1,000.00	1,000.00

BUSINESS BRIEFS

Hong Kong Firm Sets Debt Accord

HONG KONG (Reuters) — EDA Investments, a Hong Kong real estate company, has reached preliminary agreement with all but one of its 23 creditor banks on a plan for EDA to restructure its debt of 1.4 billion Hong Kong dollars (\$210.5 million). Schroders & Chartered, EDA's financial advisers, said Tuesday.

A spokesman for Schroders & Chartered said the only bank that had not agreed to participate was Bumiputra Malaysia Finance, a subsidiary of Bank Bumiputra Malaysia, which is engaged in legal action with EDA over a \$40-million loan. Its absence should not endanger the agreement, the spokesman said.

Meanwhile, the head of a Hong Kong banking association has expressed confidence in the colony's financial institutions. Paul Myrers, chairman of the Deposit-Taking Companies Association, said that the problems of a few borrowers should not lead to exaggerated worries about the stability of Hong Kong's banking system.

Atari Sues Imagic Over Copyright

NEW YORK (NYT) — Atari, a subsidiary of Warner Communications, has filed a copyright infringement suit against Imagic Inc., a maker of home-video game software.

Atari contends in the suit, filed Monday in Federal District Court in San Francisco, that Imagic's Demon Attack game is a copy of Centuri (a), its arcade game Phoenix, which Atari has exclusive rights to produce for the home game market. The suit seeks an injunction against the sale of Demon Attack, and unspecified damages. Demon Attack, which is Imagic's best-selling game, has been on the market nine months.

Bruce L. Davis, vice president for legal affairs at Imagic, said the suit would not have a big effect on the stock offering, although the company would include an amendment in its prospectus dealing with the matter.

BSC Plans to Eliminate 1,700 Jobs

LONDON (Reuters) — British Steel Corp. plans to eliminate more than 1,700 jobs in plants in Sheffield and Rotherham in Northern England because of falling sales and the need for increased efficiency.

The state-owned corporation said Monday that 815 jobs would be cut in Sheffield and 894 in Rotherham. It said sales for the type of engineering steel made by the plants were 20 percent below levels forecast for this year and were not expected to improve in the near future.

BSC, which is losing \$7.2 million (\$11.52 million) a week, has a work force of about 92,000. It has eliminated about 115,000 jobs since 1977.

Pan Am Sets Some \$99 Fares in U.S.

NEW YORK (AP) — Pan American World Airways has announced a \$99 one-way fare on many U.S. routes, including several that have not benefited from discounts by other airlines.

The discounts are effective from Dec. 1 through Dec. 15 and from Jan. 10 through Feb. 6, and are not subject to restrictions on length of stay or advance purchase, the airline said Monday. The routes involved are between New York and California and between Florida and several northern cities.

Two weeks ago, United Airlines, Trans World Airlines and Capitol Air announced \$99 one-way fares for some flights between New York and California. Those fares carried various restrictions.

Landesbank Stuttgart to Close Branch

FRANKFURT (Reuters) — Landesbank Stuttgart will close its Luxembourg subsidiary, Landesbank Stuttgart International, by mid-1983 and shift most Euro market operations to its London branch office, it said Tuesday. The bank cited stagnation in world trade as one cause and said it saw only moderate prospects for an upturn in international credit business.

The Luxembourg unit, which was founded in 1979, was hit earlier this year by the debt problems of Banco Ambrosiano Holdings, the Luxembourg-based subsidiary of the Italian bank that collapsed in August. Landesbank International Stuttgart is believed to have had an exposure of \$10 million, banking sources said.

Key U.S. Indicators Rose 0.2% in October

WASHINGTON — A key barometer of the nation's future economic health rose a moderate two-tenths of 1 percent in October, the sixth gain in seven months, the government reported late Tuesday.

The rise in the Commerce Department's Index of Leading Indicators was "likely to be welcomed as a new sign that the recession might be nearing an end after 16 months," the report also revised September's gain from five-tenths of 1 percent to a much stronger 1.1 percent.

Earlier in the day, the Commerce Department had said the leading index rose 0.6 percent in October, but it later corrected the figure.

A separate index in the report — one designed to measure current economic activity rather than future business — dropped 1 percent in October to its lowest level yet in this recession.

Commerce Secretary Malcolm Baldrige said there was usually a lag of three or four months between improvement in the leading indicators and a rise in actual business activity as measured by the separate Index of Coincident Indicators.

"I believe the prolonged lag this time, and the relatively slow rise in the leading indicators as well, was caused by the persistence of high interest rates into the summer," he said in a statement. "With rates now coming down sharply, however, the housing recovery is under way. A sustained pickup in sales of new cars and other consumer durable goods can be expected to follow."

Meanwhile, Capital Hill sources said that the latest projections by President Ronald Reagan's budget director David A. Stockman, envision a deficit this fiscal year of up to \$190 billion, a similar level in the following year and up to \$210 billion in 1985.

The sources, who asked not to be identified, said Mr. Stockman had outlined his forecasts to Mr. Reagan. Last year's unprecedented deficit of \$110.7 billion was higher than most forecasts.

The recent increases in the leading indicators have been small compared with those near the ends of previous recessions. For exam-



Malcolm Baldrige

ple, the index rose more than 2 percent for the eighth month at the end of the 1980 downturn. This year's figures have tended to reinforce the forecasts of most economists that any recovery will be weak, at least at the start.

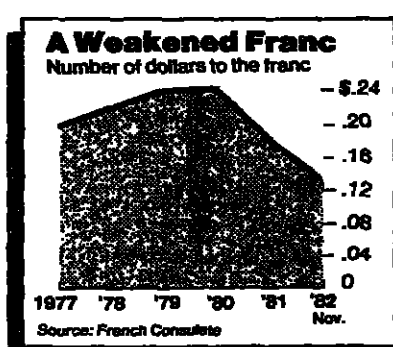
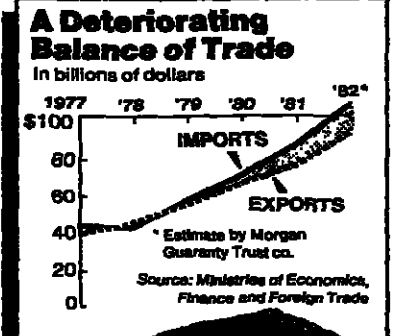
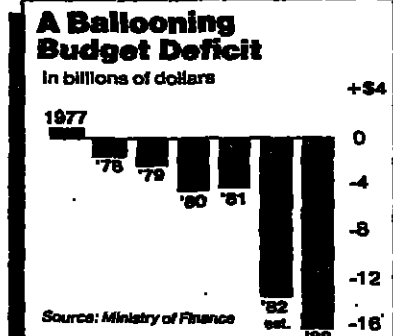
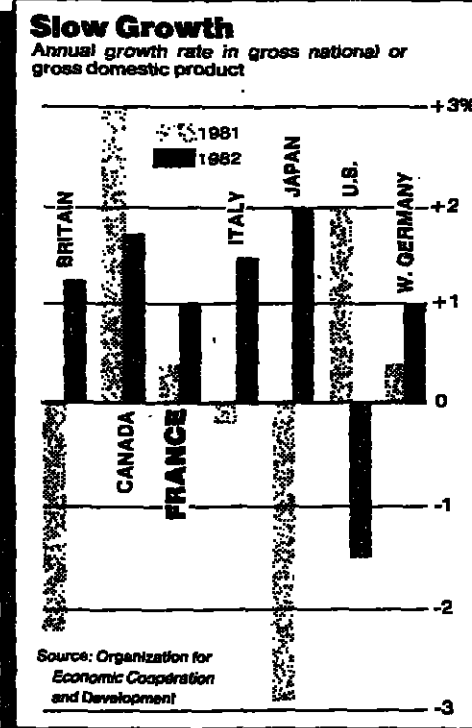
The index, designed to forecast changes in the economy, is composed of statistics from 10 different areas, ranging from employment to stock prices to orders for factory production. In October, the report said, five of the 10 components showed improvement, led by a surge in stock prices.

Also pushing the index up: Initial claims for unemployment benefits slowed, building permits rose, the money supply increased and business deliveries slowed — possibly indicating greater volume.

Four components did worse than in September: Decreased new orders to factories for consumer goods, fewer contracts and orders for plants and equipment, lower prices for sensitive raw materials and a drop in total liquid assets.

The index had dipped two-tenths of 1 percent in August before rising again in September.

The French Economy's Malaise



French Industry Minister Jean-Pierre Chevènement

French Plan in 'La Crise': More of Same

By Paul Lewis
New York Times Service

PARIS — The French Socialists don't use the word "recession" when they talk about the nation's struggling economy. Instead they speak of *la crise*, the crisis, a word that implies a challenge that can be overcome.

To overcome it, the 18-month-old government of President Francois Mitterrand has in recent weeks unveiled its new industrial strategy, a huge investment program to be led by France's enlarged nationalized industrial sector. The aim is to build a powerful group of world-class French companies and, in the process, to give a lift to the nation's entire economy.

The hope: That a major commitment to industrial investment will allow France ultimately to run a more independent economic policy and to grow quickly even if neighboring industrial countries are in a slump.

The Mitterrand government tried to achieve that feat during its first year in office. It boosted wages and take-home pay to stimulate consumption amid a severe European recession. But, instead of generating a boom for domestic producers, the stimulus generated a wave of demand for foreign goods, which plunged France's trade account into deep deficit, causing two devaluations of the franc and widespread disappointment.

Now the Socialists are taking a different tack. The consumer is being held down with a new austerity program and industry is being forced to invest. The strategy, with its focus on nationalization and planning, sounds new, enlightened and socialist — and, for Mr. Mitterrand, it is. But in a fundamental way, the policy is old, very French and liable to prove dangerously protectionist.

Already the Socialists are throwing up import barriers to protect the industries they are lavishing so much public money on, particularly

electronics. The initiative is stirring fears in Europe and the United States that the Socialists are moving back toward traditional French policies of subsidizing domestic industries and barricading them against foreign competitors.

"Our obse state would do better to manage the things it is responsible for instead of trying to increase its sphere of influence," said Pierre Mehaignerie, who was a minister in the government of Valéry Giscard d'Estaing, defeated last year by Mr. Mitterrand.

"The government is basically trying to pick industrial winners," said Francois Duchene of Britain's Sussex University Institute for European Studies. "There is a big dose of 'more of the same.'"

Industry Minister Jean-Pierre Chevènement, the major architect of the Socialists' new strategy, said such criticism misses the point. "There is a lot that is traditional about our approach, and that is a strength," he said recently. But the fast-talking minister, who is widely thought to see himself as a future prime minister or president, insisted that the new strategy was far more ambitious than anything that had gone before.

"Another 10 years like the last and France's existence will be jeopardized by its loss of industry," said Mr. Chevènement. "We are reversing a decade of industrial decline."

There is another thread of history that runs through France's latest economic experiment. Despite the nationalization of the country's five largest industrial groups and virtually all of its banks since Mr. Mitterrand took office in June 1981, the command structure of the French economy remains much the same as it was.

French governments have long been able to tell industry and banks what to do, thanks to the carrots and sticks at their command and to France's educational system, which spreads a web of like-minded technocrats throughout business and government. The network is made

up of individuals who went to the same elite schools, know one another and cooperate instinctively.

Thus, the men entrusted with France's new state sector by the Socialists are essentially no different from those who would have run these companies and banks under a rightist government. The majority are former civil servants — from an elite group known as *inspecteurs des finances* — and most are graduates of the prestigious Ecole Nationale d'Administration and of the Polytechnique.

At Saint-Gobain, a large diversified French manufacturer that was nationalized last year, one of this breed, Roger Fauroux, was left in charge. Jean-Pierre Brunet, the new head of Compagnie Générale d'Electricité, was French ambassador to Bonn and Tokyo in earlier, non-Socialist governments. Georges Besse, the new chief of the French chemical giant Pechiney Ugine Kuhlmann, is a Polytechnique graduate who had worked for the state-owned COGEMA nuclear power concern.

In banking, the tale is similar. Such elitism runs counter to the socialist tenet of egalitarianism. So does another major element of the government's new economic program: The severe clampdown on wages and social programs that began over the summer and is still intensifying. Earlier this month, with unemployment at 10.1 percent and heading higher, the government cut benefits for the jobless. Wages and prices have been frozen for the last four months. Although the freeze is partially being lifted, the government plans to maintain strict controls long into the future.

The president's advisers say there is no other way. The temporary bout of austerity is designed to cut inflation from its pre-freeze rate of 14 percent to single digits and to reduce the trade deficit so that a politically disastrous

(Continued on Page 10, Col. 5)

Experts Say Money Data Hint at U.S. Recovery

By Stephen Fidler
Reuters

NEW YORK — Possible evidence that the long-awaited upturn in the U.S. economy may be starting was contained in the money-supply figures released Monday by the Federal Reserve Board, U.S. economists say.

The economists acknowledged that economic projections from one week's money-supply figures were hazardous, but they said evidence was mounting that demand for money for transactions was on the increase. A rise in transactions demand is widely seen as an important building block of economic recovery.

William Melton of Investors Diversified Services in Minneapolis, saw "signs of an unambiguous pickup" in transactions demand. That may be a tentative indication of an imminent economic recovery, he said.

The figures released Monday showed that the basic measure of money, M-1, rose \$2.8 billion in the week that ended Nov. 17.

Kathleen Cooper, senior financial economist with Security Pacific National Bank in Los Angeles, commented, "The strength in the week's figures was in demand deposits."

While the Fed has indicated that it will temporarily ignore M-1, which is about \$15 billion above target, a rise in demand deposits would have significant policy implications. Demand deposits exclude interest-paying checking accounts, which accounted for almost all of M-1's sharp growth in September and about half of its October rise.

The Fed has used the weakness in demand deposits to downplay the importance of M-1, which it says has been swollen by the maturity of more than \$30 billion in

tax-exempt All Savers Certificates and by unusual demand for cash or near-cash amid economic uncertainty.

Because about two-thirds of demand deposits are held by corporations, which are prohibited by law from holding interest-paying checking accounts, the rise in demand deposits may show an improvement in companies' cash flows.

Further indications that corporate cash flows are improving is provided in the week's money stock figures, which show that corporations have increased their funds on deposit in overnight repurchase agreements and Eurodollars to record levels, Mr. Melton said.

"There are enough scattered signs of a business recovery to believe that there is some cash out there, which is going to be spent," he said.

The strength in M-1 and in corporate overnight repurchase and Eurodollar agreements will also contribute to strength in M-2, a factor that may also be of concern to financial markets and the Fed, Mr. Melton said.

The Federal Reserve chairman, Paul A. Volcker, has indicated that 1982 growth in M-2 could exceed 9 percent — the top of its annual target range — by one-half to one percentage point without forcing Fed action.

But Mr. Melton said his projections showed that M-2 could end this month \$17 billion to \$22 billion above target — that is, showing growth of 12 to 15 percent from the fourth quarter of 1981.

Economists' projections also indicate that M-2 growth in October

would look strong even if the unambiguous savings components of the aggregate were removed.

The economists were divided on the implications of this for the possibility of a further cut in the discount rate, now 9 percent.

Mr. Melton said: "I think the numbers make an imminent discount rate cut almost impossible." He cited Fed tactics in the open market, in the bank statement week that ended Wednesday, to support his view.

During the previous week, which preceded a discount rate cut, the Fed provided ample reserves to the banking system at the start of the bank statement week to drive down the federal funds rate, which banks charge one another on overnight loans. In the current week, Mr. Melton said, the Fed was depriving the market of funds.

Ms. Cooper of Security Pacific said she believed the Fed would at least await U.S. employment data, due Friday, before making a decision on the discount rate.

Unemployment is likely to have risen to at least 10.5 percent in November from October's postwar record of 10.4 percent, the economists believe. But they noted that

employment figures — rather than data on unemployment — were the more important guide to economic prospects.

Timothy Howard, chief economist for the Federal National Mortgage Association in Washington, agreed that the money supply figures Monday reduced the likelihood of a cut in the discount rate this week.

But he added: "It's close to a 50-50 shot that we'll still see a discount rate cut fairly shortly. If there would be a discount rate cut, it would be a defensive move on the part of the Fed to stop interest rates — and particularly long-term rates — from rising."

CURRENCY RATES

Interbank exchange rates for Nov. 30, excluding bank service charges.											
	\$	£	D.M.	F.F.	N.L.	Sfr.	B.P.	S.P.	D.K.		
Amsterdam	2.36	4.41	110.13	35.93	1.0178	5.18	128.24	31.75			
Brussels (1)	48.48	78.65	174.12	4.94	2.3945	17.15	12.15	5.785			
Frankfurt	2.48	4.284	105.39	35.93	1.0178	5.18	128.24	31.75			
London (2)	1.215	—	—	11.227	3.1616	4.4143	78.76	34.994	14.172		
Milan	1,237.05	2,317.70	578.19	284.59	—	55.88	29.455	67.728	164.30		
New York	—	1.321	0.8064	0.1257	—	0.3482	0.2284	0.4735	0.1148		
Paris	7.0355	11.3265	282.55	—	—	4.872	78.76	14.499	38.38		
Zurich	2.13	3.475	85.875	30.38	1.0180	78.76	4.3784	—	28.395		
1 ECU	0.9201	0.5783	2.3794	4.5501	1.28874	2.5525	45.595	1.9922	8.1554		
1 SDR	1.0753	0.6494	—	—	—	2.3528	22.225	2.2025	7.474		

Dollar Values											
	\$	£	D.M.	F.F.	N.L.	Sfr.	B.P.	S.P.	D.K.		
Swiss	0.9448	0.5933	1.0474	0.0313	—	0.0313	0.0313	0.0313	0.0313		
Austrian	0.0074	0.0043	0.0043	0.0043	0.0043	0.0043	0.0043	0.0043	0.0043		
Belgian	0.0022	0.0014	0.0014	0.0014	0.0014	0.0014	0.0014	0.0014	0.0014		
Canadian	0.0064	0.0040	0.0040	0.0040	0.0040	0.0040	0.0040	0.0040	0.0040		
Danish	0.1129	0.0696	0.0696	0.0696	0.0696	0.0696	0.0696	0.0696	0.0696		
Finnish	0.1029	0.0638	0.0638	0.0638	0.0638	0.0638	0.0638	0.0638	0.0638		
French	0.0137	0.0084	0.0084	0.0084	0.0084	0.0084	0.0084	0.0084	0.0084		
German	0.1189	0.0745	0.0745	0.0745	0.0745	0.0745	0.0745	0.0745	0.0745		
Italian	1.354	0.835	0.835	0.835	0.835	0.835	0.835	0.835	0.835		

1 Sterling = 1.4927 U.S. dollars.
(1) Commercial bank. (2) Amounts needed to buy one pound. (3) Units of 100. (4) Units of 1,000.

Prices Surge On NYSE; Dow Climbs 36.43

Compiled by Our Staff From Dispatches
NEW YORK — A late rally caused prices on the New York Stock Exchange to soar in heavy volume Tuesday, spurred by some unexpected strength in the oil stocks.

The Dow Jones industrial average was up only 8.74 points two hours before the close but then took off to close with a gain of 36.43 at 1,039.28.

Advances led declines three to one.

Volume climbed to 93.5 million shares, the largest in two weeks, from 61.1 million Monday. Trading was heaviest in the last hour, when about 27 million shares changed hands.

Analysts said the market initially gained momentum following news that President Ronald Reagan had decided not to accelerate the 10 percent personal income tax cut scheduled to take effect next July 1.

Earlier this month the administration said it may seek to move the tax cut up to January. Investors had been concerned that such a move would have increased the Treasury's financing needs in the first half of the year, which in turn would have placed upward pressure on interest rates.

Stock prices were also supported by the report of an 0.6 percent rise in the Index of Leading Economic Indicators, the sixth time in the past seven months the index rose.

But analysts said there was no specific news to explain the spectacular last-hour rally.

"It was a confluence of technical factors," said Harvey Deutsch of

Purcell Graham. "The market's been in a consolidation phase for the past two weeks, but it never followed through on any dip below the 1,000 mark on the Dow."

Mr. Deutsch said that when the Dow average held above 1,020 Tuesday afternoon, a lot of nervous traders started rushing back into the market.

Analysts said institutional investors were apparently buying for the first time in weeks after locking in profits from the recent prolonged market rally.

Some investors were disturbed by the Federal Reserve's report that the U.S. money supply rose \$2.8 billion, more than expected, in the latest statistical week. This increase, and a rise in federal funds rates that banks charge one another for overnight loans, dampened speculation that the Fed might cut its discount rate again.

But business loans declined \$98.1 million in the same week during which the money supply rose. That indicates that the economy remains weak, and the Fed is likely to remain accommodating, analysts said.

Newton Zinder of E.F. Hutton noted that the undervalued oil stocks were particularly strong in the last hour. Those issues dominate many of the market averages.

But Mr. Zinder added that he knew of no factors that could account for the rise in oil stocks, other than bargain hunting.

Oil stocks with the biggest gains included Phillips 1 1/2 to 3 1/2, Atlantic Richfield 1 1/2 to 3 1/2, Standard of Indiana 2 1/2 to 3 1/2, Superior 1 1/2 to 2 1/2 and Texaco 1 1/2 to 2 1/2.

Tokyo May Alter Rules On Bad Foreign Loans

TOKYO — The Finance Ministry is considering allowing Japanese banks to provide for possible bad loans overseas by relaxing its present standards for loan classification, ministry sources said Tuesday.

The present system does not let commercial banks provide for overseas loans unless the country concerned defaults on its debts, they said.

An official of a leading commercial bank with large overseas loans said that allowing Japanese banks to provide for bad loans abroad would cause adverse political repercussions from other industrial nations, as well as from debtor countries concerned.

The official, who asked not to be named, said such a measure would make it difficult for Japanese banks to roll over short-term credits to debtor countries and would run counter to the Finance Ministry's policy of persuading banks not to pull funds out of nations with liquidity problems.

In order to help such countries, the ministry plans to be more flexible in applying guidelines that limit loans to a foreign country to 20 percent of a bank's equity capital. Tomomitsu Oba, the ministry's director-general of international finance, said in an article in the financial weekly *Kinyu Zasshi* Jiji.

He said this policy has been adopted in response to requests by the U.S. Federal Reserve chairman, Paul A. Volcker, and Finance Minister Luis Ugueto of Venezuela. The guidelines apply to loans

with maturity of one year or longer.

Mr. Oba quoted Mr. Volcker as saying the guidelines might be used by Japanese banks as an excuse for refusing to switch about \$4 billion of long-term loans to Mexico into medium- or long-term loans.

Mr. Ugueto was concerned about a guideline limiting any Japanese bank that lead-manages a syndicated loan to a 50-percent participation in the loan. He feared it might prevent Japanese banks from participating in a loan to Venezuela for switching its short-term borrowings into medium- to long-term loans, Mr. Oba said.

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The Board also declared a quarterly dividend of record January 7th, 1983 for which div. exp. no. 21 of the CDRs has been designated.
Amsterdam, 24th November, 1982.

**THE BRITISH PETROLEUM COMPANY p.l.c.
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Amsterdam, 25th November 1982.

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Textile Buyers Sue U.S. on Quotas

By Robert D. Hershey Jr.
New York Times Service

WASHINGTON—Importers of textiles and apparel have sued the U.S. government in a major challenge to the procedures the government uses to impose quotas on these goods, according to lawyers for the American Association of Exporters and Importers.

The suit, filed Monday with the U.S. Court of International Trade in New York, is regarded as the first broadly based legal attack on a government import control program. It comes at a time of growing concern over protectionist measures among the world's trading nations.

The association represents import companies and major purchasers of foreign-made apparel, such as Sears, Kresge and J.C. Penney, which have become victims of what the group said is increasingly serious "market disruption."

The suit maintains that the gov-

ernment has acted to restrict imports of yarn, cloth and finished clothing by improper administration either of U.S. law or of the more than two dozen bilateral agreements with other countries to which the United States is a party.

"Actions are being taken against textile and apparel imports without any real effort being made to evaluate the effects of those imports on competing U.S. producers," said Peter V. Handal, chairman of the association. "The government also continues to take these actions without providing importers even a semblance of due process."

Imports of textiles and apparel amount to about \$7.5 billion a year, mostly from such developing areas as Hong Kong, South Korea, Taiwan and China.

Walter C. Lenahan, deputy assistant secretary of commerce for textiles and apparel and a defendant in the suit, said in response to the filing: "I believe I am acting within the law. There's ample pre-

cedent for the actions we have taken."

U.S. textile and apparel manufacturers enjoy broad measures of protection from imports. Without these, many specialists say, imports would account for far more than the 10 to 15 percent of the U.S. market they now hold.

Monday's challenge, in a suit filed in what is roughly the equivalent of a federal district court, declared that the government had forced the importers and retailers to pay higher costs, to suffer delays and embargoes of goods and to do business with alternate, less reliable suppliers.

One of the main complaints is that the government is not abiding by the requirements that restrictions be imposed only upon a "reasonable finding of actual or threatened market disruption based upon current data."

The association maintains that these have been established unilaterally and that the government has admitted that its data are lacking or out of date.

Since 1980, the association said, the government has taken at least 73 restrictive actions against textile and apparel imports without valid findings of market disruption and without providing required due-process opportunities.

Minister Predicts Lag in Argentine Interest Payments

United Press International

BUENOS AIRES—Economy Minister Jorge Webbe says Argentina will need "one or two years" to raise enough funds to pay off interest on its \$3.9 billion foreign debt.

In a speech Monday opening a meeting of the Latin American Federation of Banks, Mr. Webbe rejected the possibility that Argentina would declare a moratorium on payment of its foreign debt. But he said the country's deep recession and lack of foreign reserves would necessitate new loans just to meet overdue payments on the current debt.

With the help of a \$1.8-billion standby loan from the International Monetary Fund, Argentina hopes to obtain a \$2.1-billion bridging loan from international creditors to permit debt rescheduling. Mr. Webbe said recently that at least \$15 billion of the debt fell due within a month because of poor loan scheduling.

Argentina is \$2.3 billion behind on interest payments.

OECD Aide Predicts Low 1982 Output

Reuters

PARIS—There is still no economic recovery in the industrial world, and output this year for the main Western nations will be slightly below last year's level, an official of the Organization for Economic Cooperation and Development said Monday.

But the official, Sylvia Ostry, head of the OECD's economics and statistics department, said inflation in the organization's 24 member states had come down to about 7 percent, half the level reached during the peak of inflation in the first part of 1980.

In remarks prepared for delivery at the foreign exchange conference in Paris sponsored by the International Herald Tribune and Forex Research, Mrs. Ostry said that the outlook varied from region to region but that the OECD foresaw a moderate upturn next year in the United States that would be enough to start reducing unemployment from record levels.

Japanese economic growth will be modest by past standards, with half-yearly growth rates of 3 to 4 percent, she said, adding that growth in Europe, after a significant weakening in the second half of this year, will remain sluggish and the increase will at best be in the range of 1 to 2 percent next year.

Stressing the problems of economic forecasting during a recession, Mrs. Ostry said: "We are all more at sea than we used to be, and quite a bit more at sea than we would like."

She declined to give precise details of the forecasts due to be published by the OECD in three weeks in its half-yearly economic outlook. But OECD sources said earlier this month that the organization would forecast that the recession in its member countries would continue for at least another year.

The sources said that the forecast contained a figure of average economic growth of 1.8 percent in 1983 after a fall of 0.2 percent this year.

GM to Buy Isuzu Trucks

Reuters

TOKYO—Isuzu Motors will supply General Motors with small trucks for assembly in Africa beginning in 1984, the Japanese company announced Tuesday.

GM, which plans to use the trucks to expand its African sales, owns 34.2 percent of Isuzu.

Russians Increase Exports to West

Reuters

GENEVA—Soviet exports to the West rose 19 percent in the first half of 1982 after falling in the two previous years, according to a UN report.

The volume of exports dropped about 8 percent in 1981, after falling 5 percent in 1980. But this year saw a marked turnaround during the first six months, the UN Commission for Europe said Monday.

Western exports to the Soviet Union also continued to rise rapidly, from 8 percent in 1980 to 16 percent in 1981, the commission said. Estimates for the first half of this year suggested a slackening in the pace, but the volume remained high, at 10 percent. This contrasted with a sharp decline in trade between the West and Eastern Europe; the report added.

World economic output will, at best, recover slightly in 1983 after weak performances for the past three years, the report said. It said overall trade movements reflected those in world production, which showed no signs of improvement during the first half of this year and zero volume growth last year.

On the whole, Western trade with the Soviet Union reflected higher Soviet energy exports, mostly of natural gas, and Soviet gold

sales, the report said. It said Western food exports to the Soviet Union increased sharply last year, mainly due to more Soviet purchases of grain from North America and other areas.

Soviet grain imports are expected to remain high in 1982-83, as grain production in Russia is reported to be well below planned levels, the commission said.

Gold sales by the Soviet Union rose last year to about 300 tons, worth around \$4 billion. Further sales of 50 to 80 tons took place early in 1982 as prices continued to fall.

Trade between Western and Eastern Europe has been shrinking rapidly, the report said. Eastern European exports fell 6 percent last year after dropping 1 percent in 1980 and a further 6 percent through mid-1982. Western exports dropped 21 percent in the first half of this year after falls of 5 percent last year and 4 percent in 1980.

The commission's findings contrasted with a report from the West Berlin Economic Research Institute earlier this month that said the worldwide recession meant the West could not go on increasing imports from the Soviet Union.

Economic Woes Force Kuwait to Cut Spending

By Thomas Thomson

Reuters

KUWAIT—Kuwait, facing a slump in oil revenue and a multi-billion-dollar stock market crash, is scaling back public and private sector spending and reassessing its economic priorities, economists and bankers say.

But huge financial reserves and hefty investment income have helped relieve the economic gloom, they say. And an end to the Gulf war, though it is not expected soon, would boost the important re-export trade.

Kuwaiti oil production has dropped to as little as 600,000 barrels daily from an official ceiling of 1.25 million barrels.

The state faces its first-ever budget deficit in the financial year that began July 1. Officials estimate the shortfall at 250 million dinars (\$850 million).

Kuwait's gross domestic product, the measure of its goods and services, fell 9.2 percent in 1981 from the previous year, and bankers say the trend has continued this year.

Kuwait, as other OPEC members, has been hit hard by the world oil glut, which has forced the country's output below even its OPEC-assigned quota of 850,000 barrels daily. More than 65 percent of the country's GDP comes from the oil industry.

The stock market crash, which broke last summer, damaged the business community, and economists say a return of confidence depends on a government rescue package, the results of which are still uncertain.

Finance Minister Abdul-Latif al-Hamad said last month that the government was determined to restore confidence. He said speculators who could not meet debts would pay the penalty in the bankruptcy courts.

The crisis left 26 billion dinars in post-dated checks outstanding when the speculative bubble burst in July.

The government has set up a fund to compensate investors, who are owed up to 2 million dinars. The fund, with capital of 500 million dinars, can only make payments after debtors have been declared bankrupt. None have been so far.

Bankers predict there will be bankruptcies, and say some of them will be spectacular. But they say the number is impossible to forecast.

Stockbroking sources say a stock-clearing company, set up to try to work out who owed what to whom, had received applications from about 6,000 investors by its deadline last month.

The Kuwaiti government has been discreetly supporting the official stock market by purchases through government-owned financial institutions, the sources said. But prices on the unofficial Souk al-Manakh, where the speculative fever was greatest, have tumbled by as much as 80 percent from summer peaks.

The government has also pumped large sums into the economy to drive down interest rates and try to revive business.

Government ministries and agencies have moved sizable deposits from the central bank to commercial banks, and the resulting flood of liquidity has brought customer deposit rates down to between 7 and 9 percent from up to 16 percent four months ago.

Bankers say bank involvement in financing stock market speculation was minimal.

World oil demand is predicted to recover only slightly next year, and some bankers say Kuwait might have to tap some of the income from its estimated \$70 billion of foreign investments, which is not included in the state budget.

The National Bank of Kuwait's estimated investment income will total about 3 billion dinars in the year that began July 1, exceeding oil revenue for the first time—by about 100 million dinars.

Reserves have been drained by an estimated \$6 billion to help finance Iraq's war effort. Bankers say more money may have to be provided before the conflict ends.

Socialists' Strategy for 'La Crise'

(Continued from Page 9)

third devaluation of the franc can be avoided. "France must align its growth rate with that of its neighbors," said Finance Minister Jacques Delors, reflecting the government's lowered horizons.

Eventually, said Louis Gallois, director general of the Industry Ministry, France hopes to be able to run a growth differential of 1 to 2 percent over West Germany. In the 1940s and '50s France outperformed its neighbors. But the relatively large shift of labor from farm to city that made that differential possible stopped long ago.

France's labor force continues to grow by about 200,000 a year. As a result, nationalized companies are under heavy political pressure to maintain employment just when the government's investment drive should be making them slimmer and more efficient.

In February 1981, Mr. Mitterrand signed the nationalization bill, pledging that "the autonomy of decision-making and action of the newly nationalized companies must be total." Only days later, the so-called autonomous banks were ordered to put up huge loans to save jobs in France's trouble-plagued steel industry—just as previous administrations had regularly arm-twisted the banks into financing privately held companies in trouble.

"France will soon lose the art of banking," an executive of a national-

ized bank lamented recently. "We'll just have civil servants obeying orders."

While the nationalized industries are being cast in the role of economic locomotive, the Socialists have promised a wholesale restructuring of private industry as well. They reject any notion that modern industrialized countries should surrender basic industries, such as steel, textiles and footwear, to lower-cost Third World producers. "There are no condemned industries, only out-of-date technologies," Mr. Chevènement is fond of arguing.

Modernization plans have been prepared for a number of troubled sectors, including the machine tool and toy industries, and plans are in the works for furniture and automobiles. Government research outlays will be raised sharply and new subsidies offered, including cheap electricity for aluminum producers. French businessmen are being exhorted to join in a patriotic campaign to "reconquer" the domestic market from foreign suppliers.

But such ambitious plans must be tested in reality. At the same time that they strive to modernize these industries, the Socialists, worried about their political flanks, are pressing executives not to fire more workers.

Financing new investment also threatens to strain domestic money markets, keeping interest rates

high and increasing the foreign borrowing and indebtedness substantially.

To keep next year's budget deficit down to 3 percent of the expected gross national product, the government has decided that it cannot finance all the new investment it wants in 1983. Where additional funds will come from remains uncertain. But the Socialists say they plan to broaden France's financial markets by giving sav-

ers new incentives to invest in industry instead of in gold and real estate.

A sharp political controversy is brewing over the growth of France's foreign debt under the Socialists. Using information supplied to the U.S. Securities and Exchange Commission in connection with a \$100-million government-guaranteed loan by the Caisse Nationale des Telephones, the newspaper Le Monde recently calculated that France's total foreign currency debt has almost doubled to \$45 billion since the Socialists came to power. (Mr. Delors replied testily that all nations keep such figures secret and said the revelation had "political overtones.")

At the current rate of borrowing, of about \$10 billion to \$15 billion a year, France's foreign debt could reach about \$90 billion in three years. "Is this not dangerous in a world characterized by over-indebtedness?" asked Paul Fabra, Le Monde's financial editor.

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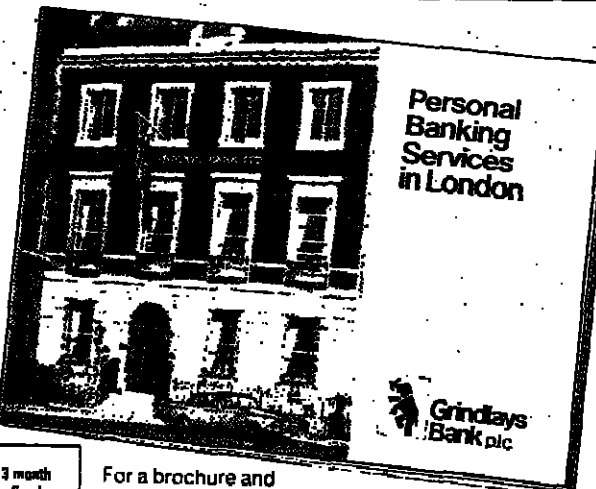
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Profits..... 257.05

United States

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Revenue..... 419.8
Profits..... 17.48
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Egypt Cuts Oil Prices

CAIRO — Egypt reduced its oil prices Tuesday, lowering the key price for its main export, crude oil, from \$32.60 a barrel to \$31.75, an industry spokesman said. Prices for lower grades were also cut.

Lopez Portfolio Halts Walkout at Mexican

MEXICO CITY — Involving national security, President José López Portillo ordered striking Mexican airline ground personnel back to work Tuesday. Flights resumed immediately.

Mr. Lopez Portillo, who will be succeeded Wednesday by Miguel de la Madrid as president for a six-year term, issued a decree calling the walkout "a threat to the security and economy of the nation."

The 7,000 ground personnel of the state-owned airline walked out Oct. 29.

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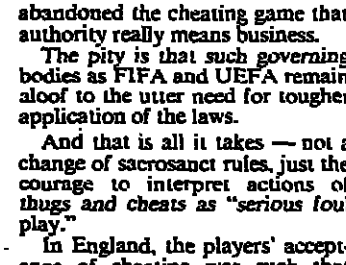
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Two Argentine Aces and a Feverish Showdown in Madrid



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Yukio Mishima, a Reconsideration

PEOPLE

Ali Spars for Mosques

Dudley Moore says he wasn't turned on by Bo Derek while they were filming the bedroom scene in the movie "10." "We were both naked," the English actor told Playboy magazine. "I was nervous, but Bo wasn't. You feel more stupid than turned on. You're thinking about your lines, your timing, your camera angles — not about sex." Moore said he is interested in women primarily for physical reasons. "The ability to enjoy your sex life is central," he said. "My obsession is total. What else is there to live for? Chinese food and women. There's nothing else."

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